

PRELIMINARY OFFICIAL STATEMENT DATED JANUARY 8, 2026

NEW ISSUE – Book-Entry Only

Rating: S&P: "AA"
See "RATING" herein

In the opinion of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey ("Bond Counsel"), under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain covenants described herein, interest on the Bonds (as herein defined) (i) is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022. Bond Counsel is further of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof are not includable in gross income under the New Jersey Gross Income Tax Act, as amended. See "TAX EXEMPTION" herein.

\$22,613,000
SCHOOL BONDS, SERIES 2026
THE BOARD OF EDUCATION OF THE
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC, NEW JERSEY
(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)

CALLABLE

Dated: Date of Delivery

Due: September 15, as shown on inside cover

The \$22,613,000 aggregate principal amount of School Bonds, Series 2026 (the "Bonds") of The Board of Education of the Borough of Bloomingdale in the County of Passaic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) are valid and legally binding general obligations of the Board, and unless paid from other sources, are payable from *ad valorem* taxes levied upon all the taxable real property within the School District for the payment of the Bonds and the interest thereon without limitation as to rate or amount. Payment of the principal of and interest on the Bonds is also secured under the provisions of the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

The Bonds will be issued as fully registered bonds in book-entry only form (without certificates) in the form of one certificate for the aggregate principal amount of the Bonds maturing in each year and when issued will be registered in the name of and held by Cede & Co., as nominee of The Depository Trust Company, Brooklyn, New York ("DTC"). Individual purchases may be made in the principal amount of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds shall bear interest from their date of delivery, which interest shall be payable semi-annually on the fifteenth day of March and September in each year, commencing September 15, 2026, until maturity or prior redemption. Interest on the Bonds will be credited to the participants of DTC as listed on the records of DTC as of each immediately preceding March 1 and September 1 (the "Record Dates" for the payment of interest on the Bonds).

The Bonds are subject to redemption prior to their stated maturities as set forth herein. See "DESCRIPTION OF THE BONDS – Redemption" herein.

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to prior sale, to withdrawal or modification of the offer without notice and to approval of legality by the law firm of Wilentz, Goldman & Spitzer, P.A., Woodbridge, New Jersey, Bond Counsel to the Board, and certain other conditions described herein. Certain legal matters will be passed upon for the Board by Schenck, Price, Smith & King, LLP, Florham Park, New Jersey General Counsel to the Board. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, served as Municipal Advisor in connection with the issuance of the Bonds. Delivery of the Bonds in definitive form to DTC in Jersey City, New Jersey, is anticipated to occur on or about January 29, 2026.

**ELECTRONIC SUBMISSIONS FOR THE BONDS, IN ACCORDANCE WITH THE FULL NOTICE OF SALE,
MUST BE MADE VIA PARITY PRIOR TO 11:00 A.M. EASTERN STANDARD TIME ON JANUARY 15, 2026.
FOR MORE DETAILS ON HOW TO BID ELECTRONICALLY, VIEW THE FULL NOTICE OF SALE POSTED
AT WWW.MUNIHUB.COM.**

\$22,613,000
THE BOARD OF EDUCATION OF THE
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC, NEW JERSEY
SCHOOL BONDS, SERIES 2026

(New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended)
CALLABLE

**MATURITIES, PRINCIPAL AMOUNTS, INTEREST RATES,
 YIELDS AND CUSIP NUMBERS**

| <u>Maturity (September 15)</u> | <u>Principal Amounts</u> | <u>Interest Rates</u> | <u>Yields</u> | <u>CUSIP Numbers*</u> |
|------------------------------------|------------------------------|---------------------------|---------------|---------------------------|
| 2027 | \$453,000 | | | 094419____ |
| 2028 | 470,000 | | | 094419____ |
| 2029 | 490,000 | | | 094419____ |
| 2030 | 510,000 | | | 094419____ |
| 2031 | 530,000 | | | 094419____ |
| 2032 | 555,000 | | | 094419____ |
| 2033 | 580,000 | | | 094419____ |
| 2034 | 605,000 | | | 094419____ |
| 2035 | 625,000 | | | 094419____ |
| 2036 | 655,000 | | | 094419____ |
| 2037 | 680,000 | | | 094419____ |
| 2038 | 710,000 | | | 094419____ |
| 2039 | 740,000 | | | 094419____ |
| 2040 | 775,000 | | | 094419____ |
| 2041 | 810,000 | | | 094419____ |
| 2042 | 845,000 | | | 094419____ |
| 2043 | 880,000 | | | 094419____ |
| 2044 | 900,000 | | | 094419____ |
| 2045 | 900,000 | | | 094419____ |
| 2046 | 900,000 | | | 094419____ |
| 2047 | 900,000 | | | 094419____ |
| 2048 | 900,000 | | | 094419____ |
| 2049 | 900,000 | | | 094419____ |
| 2050 | 900,000 | | | 094419____ |
| 2051 | 900,000 | | | 094419____ |
| 2052 | 900,000 | | | 094419____ |
| 2053 | 900,000 | | | 094419____ |
| 2054 | 900,000 | | | 094419____ |
| 2055 | 900,000 | | | 094419____ |
| 2056 | 900,000 | | | 094419____ |

* A registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Board does not make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

**THE BOARD OF EDUCATION OF THE
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC, NEW JERSEY**

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Jordan Storms
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Dr. Maria Cleary

BUSINESS ADMINISTRATOR/BOARD SECRETARY

Felicia V. Kicinski

BOARD ATTORNEY

Schenck, Price, Smith & King, LLP
Florham Park, New Jersey

BOARD AUDITOR

Nisivoccia LLP
Mount Arlington, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

BOND COUNSEL

Wilentz, Goldman & Spitzer, P.A.
Woodbridge, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Board to give any information or to make any representations with respect to the Bonds, other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the Board. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

The information contained herein has been provided by the Board, DTC and other sources deemed reliable by the Board; however, such information is not guaranteed as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Board, as to information from sources other than itself. The Board has not confirmed the accuracy or completeness of information relating to DTC, which information has been provided by DTC.

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the owners of any of the Bonds. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information herein since the date hereof, or the date as of which such information is given, if earlier.

References in this Official Statement to the Constitution of the State of New Jersey, laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents or laws are qualified in their entirety by reference to the particular source, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Board during normal business hours.

The order and placement of materials in this Official Statement, including the Appendices, are not to be deemed to be a determination of relevance, materiality or importance, and this Official Statement, including the Appendices, must be considered in its entirety.

In order to facilitate the distribution of the Bonds, the Underwriter may engage in transactions intended to stabilize the price of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

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**OFFICIAL STATEMENT
OF
THE BOARD OF EDUCATION OF THE
BOROUGH OF BLOOMINGDALE
IN THE COUNTY OF PASSAIC, NEW JERSEY**

**\$22,613,000
SCHOOL BONDS, SERIES 2026
(NEW JERSEY SCHOOL BOND RESERVE ACT, 1980 N.J. Laws c. 72, as amended)**

CALLABLE

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by The Board of Education of the Borough of Bloomingdale in the County of Passaic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the offering, sale and issuance of its \$22,613,000 aggregate principal amount of School Bonds, Series 2026 (the "Bonds"). This Official Statement has been executed by and on behalf of the Board by the Business Administrator/Board Secretary and its distribution and use in connection with the offering and sale of the Bonds have been authorized by the Board.

This Official Statement contains specific information relating to the Bonds including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety.

All financial and other information presented herein has been provided by the Board from its records, except for information expressly attributed to other sources. The presentation of information is intended to show recent historic information and, but only to the extent specifically provided herein, certain projections into the immediate future, and is not necessarily indicative of future or continuing trends in the financial position of the Board.

DESCRIPTION OF THE BONDS

The following is a summary of certain provisions of the Bonds. Reference is made to the Bonds themselves for the complete text thereof, and the discussion herein is qualified in its entirety by such reference.

Terms and Interest Payment Dates

The Bonds shall be dated their date of delivery and shall mature on September 15 in each of the years and in the amounts set forth on the inside cover page hereof. The Bonds shall bear interest from their date of delivery which interest shall be payable semi-annually on the fifteenth day of March and September (each an "Interest Payment Date"), commencing on September 15, 2026, in each of the years and at the interest rates set forth on the inside cover page hereof until maturity or prior redemption by check mailed by the Board or a duly appointed paying agent to the registered owners of the Bonds as of each March 1 and September 1 immediately preceding the respective Interest Payment Date (the "Record Dates"). So long as The Depository Trust Company, Brooklyn, New York ("DTC"), or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board or a designated paying agent directly to DTC or its nominee, Cede & Co., which will in turn remit such payments to DTC participants, which will in turn remit such payments to the beneficial owners of the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein.

The Bonds will be issued in fully registered book-entry only form, without certificates. One certificate shall be issued for the aggregate principal amount of the Bonds maturing in each year, and when issued, will be registered in the name of and held by Cede & Co., as nominee of DTC. DTC will act as Securities Depository for the Bonds (the "Securities Depository"). The certificates will be on deposit with DTC. DTC will be responsible for maintaining a book-entry system for recording the interests of its participants and transfers of the interests among its participants. The participants will be responsible for maintaining records regarding the beneficial ownership interests in the Bonds on behalf of the individual purchasers. Individual purchases may be made in the principal amount of \$1,000 each, or any integral multiple thereof with a minimum purchase of \$5,000 required, through book-entries made on the books and records of DTC and its participants. Individual purchasers of the Bonds will not receive certificates representing their beneficial ownership interests in the Bonds, but each book-entry owner will receive a credit balance on the books of its nominee, and this credit balance will be confirmed by an initial transaction statement stating the details of the Bonds purchased. See "BOOK-ENTRY ONLY SYSTEM" herein.

Redemption

The Bonds of this issue maturing prior to September 15, 2034 are not subject to redemption prior to their stated maturities. The Bonds of this issue maturing on or after September 15, 2034 are redeemable at the option of the Board in whole or in part on any date on or after September 15, 2033 upon notice as required herein at one hundred percent (100%) of the principal amount being redeemed (the "Redemption Price"), plus accrued interest to the date fixed for redemption.

Notice of Redemption

Notice of redemption ("Notice of Redemption") shall be given by mailing such notice at least thirty (30) days but not more than sixty (60) days before the date fixed for redemption by first class mail in a sealed envelope with postage prepaid to the registered owners of such Bonds at their respective addresses as they last appear on the registration books kept for that purpose by the Board or a duly appointed Bond Registrar. So long as DTC (or any successor thereto) acts as Securities Depository for the Bonds, Notice of Redemption shall be sent to such Securities Depository and shall not be sent to the beneficial owners of the Bonds. Any failure of the Securities Depository to advise any of its participants or any failure of any participant to notify any beneficial owner of any Notice of Redemption shall not affect the validity of the redemption proceedings. If the Board determines to redeem a portion of the Bonds prior to maturity, such Bonds shall be selected by the Board; the Bonds to be redeemed having the same maturity shall be selected by the Securities Depository in accordance with its regulations.

If Notice of Redemption has been given as provided herein, the Bonds or the portion thereof called for redemption shall be due and payable on the date fixed for redemption at the Redemption Price, together with accrued interest to the date fixed for redemption. Interest shall cease to accrue on the Bonds after the date fixed for redemption.

Security for the Bonds

The Bonds are valid and legally binding general obligations of the Board, and the Board has irrevocably pledged its full faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, the principal of and interest on the Bonds are payable from *ad valorem* taxes levied upon all the taxable real property within the School District without limitation as to rate or amount. The Bonds are additionally secured by the New Jersey School Bond Reserve Act, 1980 N.J. Laws c. 72, as amended.

School Bond Reserve Act (1980 N.J. Laws c. 72)

All school bonds are secured by the School Bond Reserve (the "School Bond Reserve") established in the Fund for the Support of Free Public Schools of the State of New Jersey (the "Fund") in accordance with the New Jersey School Bond Reserve Act, N.J.S.A. 18A:56-17 *et seq.* (P.L. 1980, c. 72, approved July 16, 1980, as amended by P.L. 2003, c. 118, approved July 1, 2003 (the "Act")). The 2003 amendments to the Act provide that the Fund will be divided into two (2) School Bond Reserve accounts. All bonds issued

prior to July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one and one-half percent (1.5%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "Old School Bond Reserve Account") and all bonds, including the Bonds, issued on or after July 1, 2003 shall be benefited by a School Bond Reserve account funded in an amount equal to one percent (1%) of the aggregate issued and outstanding bonded indebtedness of counties, municipalities or school districts for school purposes (the "New School Bond Reserve Account"), provided such amounts do not exceed the moneys available in the Fund. If a municipality, county or school district is unable to make payment of principal or interest on any of its bonds issued for school purposes, the trustees of the Fund will purchase such bonds at par value and will pay to the bondholders the interest due or to become due within the limits of funds available in the applicable School Bond Reserve account in accordance with the provisions of the Act.

The Act provides that the School Bond Reserve shall be composed entirely of direct obligations of the United States government or obligations guaranteed by the full faith and credit of the United States government. Securities representing at least one-third of the minimal market value to be held in the School Bond Reserve shall be due to mature within one year of issuance or purchase. Beginning with the fiscal year ending on June 30, 2003 and continuing on each June 30 thereafter, the State Treasurer shall calculate the amount necessary to fully fund the Old School Bond Reserve Account and the New School Bond Reserve Account as required pursuant to the Act. To the extent moneys are insufficient to maintain each account in the School Bond Reserve at the required levels, the State agrees that the Treasurer of the State of New Jersey (the "State") shall, no later than September 15 of the fiscal year following the June 30 calculation date, pay to the trustees for deposit in the School Bond Reserve such amounts as may be necessary to maintain the Old School Bond Reserve Account and the New School Bond Reserve Account at the levels required by the Act. No moneys may be borrowed from the Fund to provide liquidity to the State unless the Old School Bond Reserve Account and the New School Bond Reserve Account each are at the levels certified as full funding on the most recent June 30 calculation date. The amount of the School Bond Reserve in each account is pledged as security for the prompt payment to holders of bonds benefited by such account of the principal of and the interest on such bonds in the event of the inability of the issuer to make such payments. In the event the amounts in either the Old School Bond Reserve Account or the New School Bond Reserve Account fall below the amount required to make payments on bonds, the amounts in both accounts are available to make payments for bonds secured by the School Bond Reserve.

The Act further provides that the amount of any payment of interest or purchase price of school bonds paid pursuant to the Act shall be deducted from the appropriation or apportionment of State aid, other than certain State aid which may be otherwise restricted pursuant to law, payable to the school district, county or municipality and shall not obligate the State to make, nor entitle the school district, county or municipality to receive, any additional appropriation or apportionment. Any amount so deducted shall be applied by the State Treasurer to satisfy the obligation of the school district, county or municipality arising as a result of the payment of interest or purchase price of bonds pursuant to the Act.

Authorization and Purpose

The Bonds have been authorized and are issued pursuant to (i) Title 18A, Chapter 24 of the New Jersey Statutes, Chapter 271 of the Laws of 1967, as amended and supplemented, (ii) a proposal adopted by the Board pursuant to a resolution adopted on December 18, 2024 and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on March 11, 2025 and (iii) a resolution duly adopted by the Board on November 19, 2025 (the "Resolution").

The proceeds of the Bonds will be used to finance various capital improvements in and for the School District (the "Project") and to pay the costs of issuance associated with the issuance of the Bonds. The State has awarded the School District aid for the Project in the amount of forty percent (40%) of the eligible costs of such Project. As such, the State has agreed to pay forty percent (40%) of the annual debt service on the eligible costs financed by the Bonds each year.

BOOK-ENTRY ONLY SYSTEM*

The description which follows of the procedures and record keeping with respect to beneficial ownership interests in the Bonds, payment of principal and interest, and other payments on the Bonds to DTC Participants or Beneficial Owners (as such terms are defined or used herein), confirmation and transfer of beneficial ownership interests in the Bonds and other related transactions by and between DTC, DTC Participants and Beneficial Owners, is based on certain information furnished by DTC to the Board. Accordingly, the Board does not make any representations concerning these matters.

DTC will act as Securities Depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, as set forth on the inside cover hereof, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Direct and Indirect Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

* Source: The Depository Trust Company

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners, or in the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Notices of Redemption shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds, unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Board as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the Record Date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Board or Paying Agent, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Direct and Indirect Participant and not of DTC, nor its nominee, Paying Agent or the Board, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Board or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as Securities Depository with respect to the Bonds at any time by giving reasonable notice to the Board or Paying Agent. Under such circumstances, in the event that a successor Securities Depository is not obtained, Bond certificates are required to be printed and delivered.

The Paying Agent, upon direction of the Board, may decide to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Board believes to be reliable, but the Board takes no responsibility for the accuracy thereof.

Discontinuance of Book-Entry Only System

In the event that the book-entry-only system is discontinued and the Beneficial Owners become registered owners of the Bonds, the following provisions apply: (i) the Bonds may be exchanged for an equal aggregate principal amount of Bonds in other authorized denominations and of the same maturity, upon surrender thereof at the office of the Board or its paying agent; (ii) the transfer of any Bonds may be registered on the books maintained by the registrar for such purposes only upon the surrender thereof to the Board or its paying agent together with the duly executed assignment in form satisfactory to the Board or its paying agent; and (iii) for every exchange or registration of transfer of Bonds, the Board or its paying

agent may make a charge sufficient to reimburse for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer of the Bonds. Interest on the Bonds will be payable by check or draft mailed on each Interest Payment Date to the registered owners thereof as of the close of business on the Record Dates.

THE SCHOOL DISTRICT AND THE BOARD

The Board is a nine (9) member board with members elected for staggered three (3) year terms. The Superintendent of Schools is the chief administrative officer of the School District. The Business Administrator/Board Secretary is the chief financial officer of the School District and oversees the Board's business functions. The Business Administrator/Board Secretary reports to the Superintendent of Schools.

The School District is a Type II school district serving the Borough and provides a full range of educational services appropriate to pre-kindergarten ("Pre-K") through grade eight (8), including regular and special education programs. The School District operates two (2) elementary schools and one (1) middle school. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Borough of Bloomingdale, in the County of Passaic, State of New Jersey."

THE STATE'S ROLE IN PUBLIC EDUCATION

The Constitution of the State of New Jersey provides that the State shall provide for the maintenance and support of a thorough and efficient ("T&E") system of free public schools for the instruction of all children between the ages of 5 and 18 years. Case law has expanded the responsibility to include children between the ages of 3 and 21.

The responsibilities of the State with respect to the general supervision and control of public education have been delegated to the New Jersey Department of Education (the "Department"), which is a part of the executive branch of the State government and was created by the State Legislature. The Department is governed and guided by the policies set forth by the New Jersey State Board of Education (the "State Board"). The State Board is responsible for the general supervision and control of public education and is obligated to formulate plans and to make recommendations for the unified, continuous and efficient development of public education of all people of all ages within the State. To fulfill these responsibilities, the State Board has the power, *inter alia*, to adopt rules and regulations that have the effect of law and that are binding upon school districts, to acquire land and other property.

The Commissioner of Education (the "Commissioner") is the chief executive and administrative officer of the Department. The Commissioner is appointed by the Governor of the State with the advice and consent of the State Senate, and serves at the pleasure of the Governor during the Governor's term of office. The Commissioner is Secretary and Chief Executive Officer of the State Board and is responsible for the supervision of all school districts in the State and is obligated to enforce the rules and regulations of the State Board. The Commissioner has the authority to recommend the withholding of State financial aid and the Commissioner's consent is required for authorization to sell school bonds that exceed the debt limit of the municipality in which the school district is located and may also set the amount to be raised by taxation for a board of education if a school budget has not been approved by a board of school estimate or by the voters.

An Executive County Superintendent of Schools (the "County Superintendent") is appointed for each county in the State by the Governor, upon the recommendation of the Commissioner with the advice and consent of the State Senate. The County Superintendent is the local representative of the Commissioner. The County Superintendent is responsible for the daily supervision of the school districts in the county and is charged with the enforcement of rules pertaining to the certification of teachers, pupil registers and financial reports and the review of budgets. Under the Uniform Shared Services and Consolidation Act, P.L. 2007, c. 63, effective April 3, 2007, the role of the County Superintendent was changed to create the post of the Executive County Superintendent with expanded powers for the operation and management of school districts to, among other things, promote administrative and operational efficiencies, eliminate non-operating school districts and recommend a school district consolidation plan to

eliminate districts through the establishment or enlargement of regional school districts, subject to voter approval.

STRUCTURE OF SCHOOL DISTRICTS IN NEW JERSEY

Categories of School Districts

State school districts are characterized by the manner in which the board of education or the governing body takes office. School districts are principally classified in the following categories:

(1) Type I, in which the mayor or chief executive officer ("CEO") of a municipality appoints the members of a board of education and a board of school estimate. The board of school estimate consists of two (2) members of the board of education, two (2) members of the governing body of the municipality and the mayor or CEO of the municipality comprising the school district, and approves all fiscal matters;

(2) Type II, in which the registered voters within a school district elect the members of a board of education and either (a) the registered voters also vote upon all fiscal matters with the exception set forth in the new Budget Election Law (as hereinafter defined in "School Budgetary Process"), or (b) a board of school estimate, consisting of two (2) members of the governing body of and the CEO of each municipality within the school district and the president of and one member of the board of education, and approves all fiscal matters;

(3) Regional and consolidated school districts comprising the territorial boundaries of more than one municipality in which the registered voters within the school district elect members of the board of education and vote upon all fiscal matters with certain exceptions. Regional school districts may be "All Purpose Regional School Districts" or "Limited Purpose Regional School Districts";

(4) State-operated school districts created by the State Board, pursuant to State law, when a local board of education cannot or will not correct severe educational deficiencies;

(5) County vocational school districts have boards of education consisting of the County Superintendent and four (4) members unless it is a county of the first class, which adopted an ordinance, in which case it can have a board consisting of seven (7) appointed members which the board of county commissioners of the county appoints. Such vocational school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school district, two (2) members appointed by the board of county commissioners and a fifth member being the county executive or the director of the board of county commissioners of the county, which approves all fiscal matters; and

(6) County special services school districts have boards of education consisting of the County Superintendent and six (6) persons appointed by the board of county commissioners of the county. Such special services school districts shall also have a board of school estimate, consisting of two (2) members appointed by the board of education of the school, two (2) members appointed by the board of county commissioners and a fifth member being the commissioner-director of the board of county commissioners, which approves all fiscal matters.

There is a procedure whereby a Type I school district or a Type II school district may change from one type to the other after an approving public referendum. Such a public referendum must be held whenever directed by the municipal governing body or board of education in a Type I district, or the board of education in a Type II district, or when petitioned for by fifteen percent (15%) of the voters of any school district. The School District is a Type II school district with a board of school estimate.

School Budgetary Process (N.J.S.A. 18A:22-1 et seq.)

In a Type I school district and a Type II school district with a board of school estimate, a separate body from the school district, known as the board of school estimate, examines the budget requests and fixes the appropriation amounts for the next year's operating budget at or after a public hearing. This board, whose composition is fixed by statute, certifies the budget to the municipal governing body or board of education. If the board of education disagrees with the certified budget of the board of school estimate, then it can appeal to the Commissioner to request changes.

In a Type II school district, a budget is no longer required to be submitted to the voters for approval if the budget is at or below the two percent (2%) property tax levy cap as provided in the Tax Levy Cap Law (as hereinafter defined).

The Budget Election Law, P.L. 2011, c. 202, effective January 17, 2012 (the "Budget Election Law") establishes procedures that allow the date of the annual school election of a Type II school district, without a board of school estimate, to be moved from April to the first Tuesday after the first Monday in November, to be held simultaneously with the general election. Such change in the annual school election date must be authorized by resolution of either the board of education or the governing body of the municipality, or by an affirmative vote of a majority of the voters whenever a petition, signed by at least fifteen percent (15%) of the legally qualified voters, is filed with the board of education. Once the annual school election is moved to November, such election may not be changed back to an April annual school election for four (4) years.

The Board conducts its annual election in November.

SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT

Levy and Collection of Taxes

School districts in the State do not levy or collect taxes to pay those budgeted amounts which are not provided by the State. The municipality within which a school district is situated levies or collects the required taxes and must remit them in full to the school district.

Budgets and Appropriations

School districts in the State must operate in accordance with the requirements of the New Jersey Department of Education. Each school district must adopt an annual budget in such detail and upon forms as prescribed by the Commissioner, to which must be attached an itemized statement showing revenues, including State and Federal aid, and expenditures. The Commissioner must approve a budget prior to its final adoption and has the power to increase or decrease individual line items in a budget. Any amendments to a school district's budget must be approved by the board of education or the board of school estimate, as the case may be. Every budget submitted must provide no less than the minimum permissible amount deemed necessary under State law to provide for a thorough and efficient education as mandated by the State Constitution. The Commissioner may not approve any budget unless the Commissioner is satisfied that the school district has adequately implemented within the budget the Core Curriculum Content Standards (as defined herein) required by State law. If necessary, the Commissioner is authorized to order changes in the local school district's budget. The Commissioner will also ensure that other provisions of law are met including the limitations on taxes and spending explained below.

Tax and Spending Limitations

The Public School Education Act of 1975, N.J.S.A. 18A:7A-1 et seq., P.L. 1975, c. 212 (as amended and partially repealed), first limited the amount of funds that could be raised by a local school district. It limited the annual increase of any school district's net current expense budget. The budgetary limitations were known as a "CAP" on expenditures. The "CAP" was intended to control the growth in local property taxes. Subsequently there have been numerous legislative changes as to how the spending limitations would be applied.

The Quality Education Act of 1990, N.J.S.A. 18A:7D-1 et seq., P.L. 1990, c. 52 (the “QEA”) (now repealed), also limited the annual increase in the school district’s current expense and capital outlay budgets by a statutory formula linked to the annual percentage increase in per capita income. The QEA was amended and revised by chapter 62 of the Laws of New Jersey of 1991, and further amended by chapter 7 of the Laws of New Jersey of 1993.

The Comprehensive Educational Improvement and Financing Act of 1996, N.J.S.A. 18A:7F-1 et seq., P.L. 1996, c. 138 (the “CEIFA”), as amended by P.L. 2004, c. 732, effective July 1, 2004, also limited the annual increase in a school district’s net budget by a spending growth limitation. The CEIFA limited the amount school districts can increase their annual current expense and capital outlay budgets (the “Spending Growth Limitations”). Generally, budgets could increase either by two and one-half percent (2.5%) or the consumer price index, whichever is greater. Amendments to the CEIFA decreased the budget cap to two and one-half percent (2.5%) from three percent (3%). Budgets could also increase because of certain adjustments for enrollment increases, certain capital outlay expenditures, pupil transportation costs, and special education costs that exceeded \$40,000 per pupil. Waivers were available from the Commissioner based on increasing enrollments and other fairly narrow grounds and increases higher than the cap could be approved by a vote of sixty percent (60%) at the annual school election.

P.L. 2007, c. 62, effective April 3, 2007, provided additional limitations on school district spending by limiting the amount a school district could raise for school district purposes through the property tax levy by four percent (4%) over the prior budget year’s tax levy. P.L. 2007, c. 62 provided for adjustments to the cap for increases in enrollment, reductions in State aid and increased health care costs and for certain other extraordinary cost increases that required approval by the Commissioner. The bill granted discretion to the Commissioner to grant other waivers from the cap for increases in special education costs, capital outlay, and tuition charges. The Commissioner also had the ability to grant extraordinary waivers to the tax levy cap for certain other cost increases beginning in fiscal year 2009 through 2012.

P.L. 2007, c. 62 was deemed to supersede the prior limitations on the amount school districts could increase their annual current expense and capital outlay budgets created by CEIFA (as amended by P.L. 2004, c. 73, effective July 1, 2004). However, chapter 62 was in effect only through fiscal year 2012. Without an extension of chapter 62 by the legislature, the Spending Growth Limitations on the general fund and capital outlay budget would be in effect.

Debt service was not limited either by the Spending Growth Limitations or the four percent (4%) cap on the tax levy increase imposed by chapter 62.

The previous legislation was amended by P.L. 2010, c. 44, effective July 13, 2010 and became applicable to the next local budget year following enactment. This law limits the school district tax levy for the general fund budget to increases of two percent (2%) over the prior budget year with exceptions only for enrollment increases, increases for certain normal and accrued liability for pension contributions in excess of two percent (2%), certain healthcare increases, and amounts approved by a simple majority of voters voting at a special election (the “Tax Levy Cap Law”). Additionally, also becoming effective in the 2011-2012 fiscal year, a school district that has not been granted approval to exceed the tax levy cap by a separate proposal can bank the unused tax levy for use in any of the next three (3) succeeding budget years. A school district can request a use of “banked cap” only after it has fully exhausted all eligible statute spending authority in the budget year. The process for obtaining waivers from the Commissioner for additional increases over the tax levy cap or Spending Growth Limitations was eliminated under chapter 44. Notwithstanding the foregoing, under P.L. 2018, c. 67, effective July 24, 2018, which increases State school aid to underfunded school districts and decreases state school aid to overfunded school districts, during the 2018-2019 through 2024-2025 fiscal years, SDA Districts, which are certain urban districts formerly referred to as Abbott Districts referred to herein under “SUMMARY OF STATE AID TO SCHOOL DISTRICTS”, are permitted increases in the tax levy over the two percent (2%) limit to raise a general fund tax levy to an amount that does not exceed its local share of the adequacy budget.

The restrictions are solely on the tax levy for the general fund and are not applicable to the debt service fund. There are no restrictions on a local school district’s ability to raise funds for debt service, and nothing would limit the obligation of a school district to levy *ad valorem* taxes upon all taxable real property

within the school district to pay debt service on its bonds or notes with one exception. School districts are subject to GAAP accounting, and under GAAP interest on obligations maturing within one (1) year must be treated as operating expenses. Accordingly, under the Department of Education's Chart of Accounts, interest on notes is raised in the General Fund of a school district and therefore is counted within its two percent (2%) tax levy cap on spending.

Issuance of Debt

Among the provisions for the issuance of school debt are the following requirements: (i) bonds must mature in serial installments within the statutory period of usefulness of the projects being financed but not exceeding forty (40) years, (ii) debt must be authorized by a resolution of a board of education (and approved by a board of school estimate in a Type I school district and a Type II school district with a board of school estimate), and (iii) there must be filed with the State by each municipality comprising a school district a Supplemental Debt Statement and a school debt statement setting forth the amount of bonds and notes authorized but unissued and outstanding for such school district.

Annual Audit (N.J.S.A. 18A:23-1 et seq.)

Every board of education is required to provide an annual audit of the school district's accounts and financial transactions. The audit must be performed by a licensed public school accountant no later than five (5) months after the end of the school fiscal year or by the date extended by statute or by the State of New Jersey Department of Education. The audit, in conformity with statutory requirements, must be filed with the board of education and the Commissioner. Additionally, the audit must be summarized and discussed at a regular public meeting of the local board of education within thirty (30) days following receipt of the annual audit by such board of education.

Temporary Financing (N.J.S.A. 18A:24-3)

Temporary notes may be issued in anticipation of the issuance of permanent bonds for a capital improvement or capital project. Such temporary notes may not exceed in the aggregate the amount of bonds authorized for such improvement or project. A school district's temporary notes may be issued for one (1) year periods, with the final maturity not exceeding five (5) years from the date of original issuance; provided, however, that no such notes shall be renewed beyond the third anniversary date of the original notes unless an amount of such notes, at least equal to the first legally payable installment of the bonds in anticipation of which said notes are issued, is paid and retired subsequent to such third anniversary date from funds other than the proceeds of obligations. School districts must include in each annual budget the amount of interest due and payable in each fiscal year on all outstanding temporary notes.

Capital Lease Financing

School districts are permitted to enter into lease purchase agreements for the acquisition of equipment or for the improvement of school buildings. Generally, lease purchase agreements cannot exceed five (5) years except for certain energy-saving equipment which may be leased for up to fifteen (15) years if paid from energy savings. Lease purchase agreements for a term of five (5) years or less must be approved by the Commissioner. The Educational Facilities Construction and Financing Act, P.L. 2000, c. 72 (the "EFCFA"), repealed the authorization to enter into facilities leases in excess of five (5) years. The payment of rent on an equipment lease and on a five (5) year and under facilities lease is treated as a current expense and within the cap on the school district's budget. Under the CEIFA, lease purchase payments on leases in excess of five (5) years issued under prior law are treated as debt service payments and, therefore, will receive debt service aid if the school district is entitled and are outside the school district's tax levy cap.

Financing Under County School Construction Financing Law

Recently enacted P.L. 2023, c. 311, approved January 16, 2024, as amended by P.L. 2024, c. 79, approved September 12, 2024, provides a means by which a county and a county improvement authority can assist a local school district with financing and construction of a school capital project without the school

district authorizing and issuing school bonds. Under the newly enacted legislation, a school district can lease a school property to a county improvement authority, which would issue its bonds for the financing and construction of a school project. The county improvement authority would then lease the school property to the county and the county would further lease it back to the school district. The school district would be obligated to cover the cost of principal and interest on the authority bonds through its lease payments to the county, and the county would pass through the payments to the authority through its lease to the authority for the payment of the bonds. The leases would remain valid and binding and in effect until the bonds are fully paid off. When the leases expire, the school property will be fully vested in the school district. The lease payments would be outside the caps on spending and raising taxes for both the school district and the county. The obligation would not be limited by the school district's legal borrowing limit as the school district is not issuing school bonds. The law requires the annual school district lease payments to be included in each school budget over the life of the bonds. The county improvement authority bonds would receive debt service aid otherwise available to the school district project as if the school district had authorized and issued school bonds. The program requires the cooperation of the county, the county improvement authority and the school district. Under the county improvement authorities law, the county or municipality could agree to guaranty the authority bonds as well if the credit support would help reduce financing costs. The program could help school districts that otherwise have difficulty getting voter approval to be able to obtain financing at a reduced cost, as (i) the State would still pay a share of the debt service due on the improvement authority bonds for which the project is entitled under the Educational Facilities Construction and Financing Act and (ii) if guaranteed, the improvement authority bonds could benefit from the credit enhancement provided by a county or municipality.

Debt Limitation (N.J.S.A. 18A:24-19)

Except as provided below, no additional debt shall be authorized if the principal amount, when added to the net debt previously authorized, exceeds a statutory percentage of the average equalized valuation of taxable property in a school district. As a grades Pre-K through eight (8) school district, the School District can borrow up to three percent (3%) of the average equalized valuation of taxable property in the School District. The School District has not exceeded its three percent (3%) debt limit. See "APPENDIX A – Certain Economic and Demographic Information Relating to the School District and the Borough of Bloomingdale, in the County of Passaic, State of New Jersey."

Exceptions to Debt Limitation

A Type II school district (other than a regional district) may also utilize its constituent municipality's remaining statutory borrowing power (i.e. the excess of three and one-half percent (3.5%) of the average equalized valuation of taxable property within the constituent municipality over the constituent municipality's net debt). A school district may also authorize debt in excess of this limit with the consent of the Commissioner and the Local Finance Board.

Energy Saving Obligations

Under P.L. 2009, c. 4, approved January 21, 2009 and effective sixty (60) days thereafter, school districts may issue "energy savings obligations" without voter approval to fund certain improvements that result in reduced energy use, facilities for production of renewable energy or water conservation improvements provided that the amount of the savings will cover the cost of the improvements.

SUMMARY OF STATE AID TO SCHOOL DISTRICTS

In 1973, the Supreme Court of the State of New Jersey (the "Court") ruled in *Robinson v. Cahill* that the method then used to finance public education principally through property taxation was unconstitutional. Pursuant to the Court's ruling, the Legislature enacted the Public School Education Act of 1975, N.J.S.A. 18A:7A-1 *et seq.*, P.L. 1975, c. 212 (the "Public School Education Act") (as amended and partially repealed), which required funding of the State's school aid through the New Jersey Gross Income Tax Act, P.L. 1976, c. 47, as amended and supplemented, enacted for the purpose of providing property tax relief.

On June 5, 1990, the Court ruled in *Abbott v. Burke* that the school aid formula enacted under the Public School Education Act was unconstitutional as applied. The Court found that poorer urban school districts (previously called “Abbott Districts”, now referred to as “SDA Districts”) were significantly disadvantaged under that school funding formula because school revenues were derived primarily from property taxes. The Court found that wealthy school districts were able to spend more, yet tax less for educational purposes.

Since that time there has been much litigation and many cases affecting the State’s responsibilities to fund public education and many legislative attempts to distribute State aid in accordance with the court cases and the constitutional requirement. The cases addressed not only current operating fund aid but also addressed the requirement to provide facilities aid as well. The legislation has included QEA, CEIFA and EFCFA. For many years aid has simply been determined in the State Budget, which itself is an act of the legislature, based upon amounts provided in prior years. The school funding formula, provided in the School Funding Reform Act of 2008, P.L. 2007, c. 260, effective January 1, 2008, attempts to remove the special status given to certain school districts known as Abbott Districts after the school funding cases and instead has funding follow students with certain needs and provides aid in a way that takes into account the ability of the local school district to raise local funds to support the budget in amounts deemed adequate to provide for a thorough and efficient education as required by the State constitution. This legislation was challenged in the Court, and the Court held that the State’s then current plan for school aid was a “constitutionally adequate scheme.” However, the State continued to underfund certain school districts and to overfund other school districts in its budgets based on the statutory scheme. Since 2019 and in accordance with the enactment of P.L. 2018, c. 67, effective July 24, 2018, the State has increased funding for underfunded school districts and decreased funding for overfunded school districts, and will continue to do so as set forth therein. It has also provided cap relief for overfunded school districts to enable them to pick up more of the local share.

Notwithstanding over thirty-five (35) years of litigation, the State provides State aid to school districts of the State in amounts provided in the State budget each year. These now include equalization aid, special education categorical aid, transportation aid, preschool education aid, instructional supplement aid, supplemental core curriculum standards aid, distance learning network aid, bilingual aid, security aid, adjustment aid and other aid determined in the discretion of the Commissioner.

State law requires that the State will provide aid for the construction of school facilities in an amount equal to the greater of the district aid percentage or forty percent (40%) times the eligible costs determined by the Commissioner either in the form of a grant or debt service aid as determined under the EFCFA. The amount of aid to which a school district is entitled is established prior to the authorization of the project. Grant funding is provided by the State upfront and debt service aid must be appropriated annually by the State.

The State has reduced debt service aid by fifteen percent (15%) annually since fiscal year 2011. As a result of the debt service aid reduction for those fiscal years, school districts received eighty-five percent (85%) of the debt service aid that they would have otherwise received. In addition, school districts which received grants under the EFCFA, which grants were financed through the New Jersey Economic Development Authority (the “EDA”), were assessed an amount in each fiscal year budget since 2011 representing fifteen percent (15%) of the school district’s proportionate share of the principal and interest payments on the outstanding EDA bonds issued to fund such grants.

Pursuant to P.L. 2018, c. 67, effective July 24, 2018, the School Funding Reform Act has been modified to adjust the distribution of State aid to school districts in the State (“SFRA Modification Law”). In particular, the SFRA Modification Law revises the School Funding Reform Act so that, after calculating the amount of State aid available per pupil, State aid will be distributed to each school district based on student enrollment. The SFRA Modification Law also eliminates the application of the State aid growth limit and adjustment aid, but includes a transition period for school districts that will receive less State aid. Under the SFRA Modification Law, most school districts that will receive reduced State aid resulting from the revised funding formula will be provided a seven (7) year transition period during which funding will be reduced. For those school districts where State aid will increase under the SFRA Modification Law, the transition period to increase funding will be one (1) year.

SUMMARY OF FEDERAL AID TO SCHOOL DISTRICTS

Federal funds are available for certain programs approved by the Federal government with allocation decided by the State, which assigns a proportion to each local school district. The Every Student Succeeds Act of 2015, enacted December 10, 2015, is a Federal assistance program for which a school district qualifies to receive aid. A remedial enrichment program for children of low income families is available under Chapter 1 Aid. Such Federal aid is generally received in the form of block grants. Aid is also provided under the Individuals with Disabilities Education Act although never in the amounts federal law required.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law, N.J.S.A. 40A:2-1 et seq. (the "Local Bond Law"), governs the issuance of bonds and notes to finance certain municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects financed and that bonds be retired in serial installments. A five percent (5%) cash down payment is generally required toward the financing of expenditures for municipal purposes. All bonds and notes issued by the Borough are general full faith and credit obligations.

The authorized bonded indebtedness of the Borough is limited by statute, subject to certain exceptions noted below, to an amount equal to three and one-half percent (3.5%) of its average equalized valuation basis. The average for the last three (3) years of the equalized value of all taxable real property and improvements and certain Class II railroad property within the Borough as annually determined by the New Jersey Board of Taxation is set forth in APPENDIX A.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit.

A municipality may exceed its debt limit with the approval of the Local Finance Board, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, a municipality may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the municipality or substantially reduce the ability of the municipality to meet its obligations or to provide essential public improvements and services, or makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the municipality to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

A municipality may sell "bond anticipation notes" to temporarily finance a capital improvement or project in anticipation of the issuance of bonds, if the bond ordinance or subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the bond ordinance, as it may be amended and supplemented, creating such capital expenditure. A local unit's bond anticipation notes may be issued for periods not exceeding one (1) year. Generally, bond anticipation notes may not be outstanding for longer than ten (10) years. An additional period may be available following the tenth anniversary date equal to the period from the notes' maturity to the end of the tenth fiscal year in which the notes mature plus four (4) months in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year's principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the modified accrual basis budget. Every local unit must adopt an annual operating budget in the form required by the Division of Local Government

Services, New Jersey Department of Community Affairs (the "Division"). Certain items of revenue and appropriation are regulated by law and the proposed budget cannot be finally adopted until it has been certified by the Director of the Division (the "Director"), or in the case of a local unit's examination of its own budget, such budget cannot be finally adopted until a local examination certificate has been approved by the Chief Financial Officer and governing body of the local unit. The Local Budget Law, N.J.S.A. 40A:4-1 et seq. (the "Local Budget Law") requires each local unit to appropriate sufficient funds for the payment of current debt service, and the Director or, in the case of local examination, the local unit, may review the adequacy of such appropriations.

Tax anticipation notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year in which they were issued.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the budgetary review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The modified accrual basis budgets of local units must be in balance, *i.e.*, the total of anticipated revenues must equal the total of appropriations. N.J.S.A. 40A:4-22. If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

A provision in the Local Budget Law, N.J.S.A. 40A:4-26, provides that: "[no] miscellaneous revenues from any source shall be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the director shall determine upon application by the governing body that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and shall certify such determination, in writing, to the local unit."

No budget or amendment thereof shall be adopted unless the Director shall have previously certified his approval of such anticipated revenues, except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with a municipality's calendar fiscal year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body. However, with minor exceptions, such appropriations must be included in full in the following year's budget. When such appropriations exceed three percent (3%) of the adopted operating budget, consent of the Director must be obtained.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as (i) the repair and reconstruction of streets, roads or bridges damaged by snow, ice, frost, or floods, which may be amortized over three (3) years, and (ii) the repair and reconstruction of streets, roads, bridges or other public property damaged by flood or hurricane, where such expense was unforeseen at the time of budget adoption, the repair and reconstruction of private property damaged by flood or hurricane, tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparations, drainage map preparation for flood control purposes, studies and planning associated with the construction and installation of sanitary sewers, authorized expenses of a consolidated commission, contractually required severance liabilities resulting from the layoff or retirement of employees and the preparation of

sanitary and storm system maps, all of which projects set forth in this section (ii) may be amortized over five (5) years. N.J.S.A. 40A:4-53, -54, -55, -55.1. Emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project as described above.

Budget transfers provide a degree of flexibility and afford a control mechanism. Pursuant to N.J.S.A. 40A:4-58, transfers between appropriation accounts are prohibited until the last two (2) months of the year. Appropriation reserves may be transferred during the first three (3) months of the year, to the previous year's budget. N.J.S.A. 40A:4-59. Both types of transfers require a 2/3 vote of the full membership of the governing body. Although sub-accounts within an appropriation are not subject to the same year-end transfer restriction, they are subject to internal review and approval. Certain types of appropriations are excluded from the provisions permitting transfers. Generally, transfers cannot be made from the down payment account, interest or debt redemption charges or the capital improvement fund or for contingent expenses.

Municipal public utilities are supported by the revenues generated by the respective operations of the utilities, in addition to the general taxing power upon taxable property. For each utility, there is established a separate budget. The anticipated revenues and appropriations for each utility are set forth in the separate budget. The budget is required to be balanced and to provide fully for debt service. The regulations regarding anticipation of revenues and deferral of charges apply equally to the budgets of the utilities. Deficits or anticipated deficits in utility operations which cannot be provided for from utility surplus, if any, are required to be raised in the "Current" or operating budget.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six (6) years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six (6) years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Fiscal Year Adjustment Law (1991 N.J. Laws c. 75)

Chapter 75 of the Laws of New Jersey of 1991, requires certain municipalities and permits all other municipalities to adopt the State fiscal year in place of the existing calendar fiscal year. Municipalities that change fiscal years must adopt a six (6) month transition budget for January 1 through June 30. Since expenditures would be expected to exceed revenues primarily because State aid for the calendar year would not be received by the municipality until after the end of the transition year budget, the act authorizes the issuance of Fiscal Year Adjustment Bonds to fund the one time deficit for the six (6) month transition budget. The law provides that the deficit in the six (6) month transition budget may be funded initially with bond anticipation notes based on the estimated deficit in the six (6) month transition budget. Notes issued in anticipation of Fiscal Year Adjustment Bonds, including renewals, can only be issued for up to one (1) year unless the Local Finance Board permits the municipality to renew them for a longer period of time. The Local Finance Board must confirm the actual deficit experienced by the municipality. The municipality then may issue Fiscal Year Adjustment Bonds to finance the deficit on a permanent basis. The purpose of the act is to assist municipalities that are heavily dependent on State aid and that have had to issue tax anticipation notes to fund operating cash flow deficits each year. While the law does not authorize counties to change their fiscal years, it does provide that counties with cash flow deficits may issue Fiscal Year Adjustment Bonds as well.

State Supervision

State law authorizes State officials to supervise fiscal administration in any municipality which is in default on its obligations; which experiences severe tax collection problems for two (2) successive years; which has a deficit greater than four percent (4%) of its tax levy for two (2) successive years; which has failed to make payments due and owing to the State, county, school district or special district for two (2)

consecutive years; which has an appropriation in its annual budget for the liquidation of debt which exceeds twenty-five percent (25%) of its total operating appropriations (except dedicated revenue appropriations) for the previous budget year; or which has been subject to a judicial determination of gross failure to comply with the Local Bond Law, the Local Budget Law, or the Local Fiscal Affairs Law, N.J.S.A. 40A:5-1 *et seq.*, which substantially jeopardizes its fiscal integrity. State officials are authorized to continue such supervision for as long as any of the conditions exist and until the municipality operates for a fiscal year without incurring a cash deficit.

Appropriations “Cap”

The New Jersey “Cap Law” (the “Cap Law”) (N.J.S.A. 40A:4-45.1 *et seq.*) places limits on municipal tax levies and expenditures. The Cap Law provides that a local unit shall limit any increase in its budget to two and one-half percent (2.5%) or the Cost-Of-Living Adjustment (as defined in the Cap Law), whichever is less, of the previous year’s final appropriations, subject to certain exceptions. The Cost-Of-Living Adjustment is defined as the rate of annual percentage increase, rounded to the nearest half percent, in the Implicit Price Deflator for State and Local Government Purchases of Goods and Services produced by the United States Department of Commerce for the year preceding the current year as announced by the Director. However, in each year in which the Cost-Of-Living Adjustment is equal to or less than two and one-half percent (2.5%), a local unit may, by ordinance, approved by a majority vote of the full membership of the governing body, provide that the final appropriations of the local unit for such year be increased by a percentage rate that is greater than the Cost-Of-Living Adjustment, but not more than three and one-half percent (3.5%) over the previous year’s final appropriations. In addition, N.J.S.A. 40A:4-45.15a restored “cap” banking to the Local Budget Law. Municipalities are permitted to appropriate available “cap bank” in either of the next two (2) succeeding years’ final appropriations. Along with the permitted increases for total general appropriations there are certain items that are allowed to increase outside the “cap”.

Additionally, P.L. 2010, c. 44, effective July 13, 2010, imposes a two percent (2%) cap on the tax levy of a municipality, county, fire district or solid waste collection district, with certain exceptions and subject to a number of adjustments. The exclusions from the limit include increases required to be raised for capital expenditures, including debt service, increases in pension contributions in excess of two percent (2%), certain increases in health care over two percent (2%), and extraordinary costs incurred by a local unit directly related to a declared emergency. The governing body of a local unit may request approval, through a public question submitted to the legal voters residing in its territory, to increase the amount to be raised by taxation, and voters may approve increases above two percent (2%) not otherwise permitted under the law by an affirmative vote of fifty percent (50%).

The Division has advised that counties and municipalities must comply with both the budget “cap” and the tax levy limitation. Neither the tax levy limitation nor the Cap Law, however, limits the obligation of the county or municipality to levy *ad valorem* taxes upon all taxable property within its boundaries to pay debt service on its bonds and notes.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income (where appropriate). Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners. However, a divergence of the assessment ratio to true value is typically due to changes in market value over time.

Upon the filing of certified adopted budgets by the local unit, the local school district and the county, the tax rate is struck by the county Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provisions for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 *et seq.* Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Generally, tax bills are mailed annually in June of the current fiscal year. The taxes are payable in four quarterly installments on February 1, May 1, August 1 and November 1. The August and November tax bills are determined as the full tax levied for municipal, county and school purposes for the current municipal fiscal year, less the amount charged for the February and May installments for municipal, county and school purposes in the current fiscal year. The amounts due for the February and May installments are determined by the municipal governing body as either one-quarter or one-half of the full tax levied for municipal, county and school purposes for the preceding fiscal year.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent (8%) per annum on the first \$1,500.00 of the delinquency and eighteen percent (18%) per annum on any amount in excess of \$1,500.00. Pursuant to 1991 N.J. Laws c. 75, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000.00 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent (6%) of the amount of the delinquency. These penalties and interest rates are the highest permitted under State statutes. Delinquent taxes open for one (1) year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. The taxpayer has a right to petition the county Board of Taxation on or before April 1 of the current year for review. The county Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the county Board of Taxation, appeal may be made to the Tax Court of the State of New Jersey (the "State Tax Court") for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the nonbudgetary financial activities of local governments. The chief financial officer of every local unit must file annually with the Director a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division's "Requirements of Audit," includes recommendations for improvement of the local unit's financial procedures. The audit report must be filed with the Director. A synopsis of the report, together with all recommendations made, must be published in a local newspaper within thirty (30) days of the local unit's receipt of the audit report.

FINANCIAL STATEMENTS

Excerpts from the financial statements of the School District for the fiscal year ended June 30, 2025 are presented in APPENDIX B to this Official Statement (the "Financial Statements"). The Financial Statements have been audited by Nisivoccia LLP, Mount Arlington, New Jersey, an independent auditor (the "Board Auditor"), as stated in its Independent Auditor's Report appearing in APPENDIX B to this Official Statement. See "APPENDIX B – Excerpts from Financial Statements of The Board of Education of the Borough of Bloomingdale for the Fiscal Year Ending June 30, 2025." Such Financial Statements are included herein for informational purposes only, and the information contained in the Financial Statements should not be used to modify the description of the Bonds contained herein. The Board Auditor has not participated in the preparation of this Official Statement except as previously stated.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Board in connection with the issuance of the Bonds (the "Municipal Advisor") and has assisted in matters related to the planning, structuring and terms of the Bonds. The

Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

LITIGATION

To the best of the knowledge, information and belief of the Board Attorney, Schenck, Price, Smith & King, LLP, Florham Park, New Jersey (the "Board Attorney"), and without independent inquiry or investigation and based upon the representation of the Board's Business Administrator/Board Secretary, there is no litigation of any nature now pending or threatened against the Board, restraining or enjoining the issuance or the delivery of the Bonds, or in any manner questioning the authority or the proceedings for the issuance of the Bonds, or contesting the corporate existence or the boundaries of the Board or the School District or the title of any of the present officers. To the best of the knowledge, information and belief of the Board Attorney, and without independent inquiry or investigation and based upon the representation of the Board's Business Administrator/Board Secretary, no litigation is presently pending or threatened that, in the opinion of the Board Attorney, would have a materially adverse impact on the financial condition of the Board if adversely decided. A certificate to such effect will be executed by the Board Attorney and delivered to the Underwriter (as hereinafter defined) of the Bonds at the closing.

TAX EXEMPTION

Federal Income Tax Treatment

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements which must be met at the time of, and on a continuing basis subsequent to, the issuance of the Bonds in order for the interest thereon to be and remain excluded from gross income for Federal income tax purposes under Section 103 of the Code. Noncompliance with such requirements could cause such interest to be included in gross income for Federal income tax purposes retroactive to the date of issuance of the Bonds. The Board has covenanted to comply with the provisions of the Code applicable to the Bonds, and has covenanted not to take any action or fail to take any action that would cause interest on the Bonds to lose the exclusion from gross income under Section 103 of the Code.

In the opinion of Wilentz, Goldman & Spitzer, P.A., Bond Counsel, under existing statutes, regulations, rulings and court decisions, and assuming continuing compliance by the Board with the requirements of the Code described above, interest on the Bonds is not includable in gross income for Federal income tax purposes pursuant to Section 103 of the Code and is not treated as a preference item under Section 57 of the Code for purposes of computing the Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the Federal alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

Premium Bonds

[The Bonds [maturing on September 15 in the years 20__ through 20__, inclusive (collectively, the "Premium Bonds")], have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

Discount Bonds

[Bond Counsel is also of the opinion that the difference between the stated principal amount of the Bonds maturing on September 15 in the years 20__ through 20__, inclusive (collectively, the "Discount Bonds") and their respective initial public offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which prices a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. In the case of any holder of the [Discount] Bonds, the amount of such original issue discount which is treated as having accrued with respect to the [Discount] Bonds is added to the cost basis of the holder in determining, for federal income tax purposes, gain or loss upon disposition (including sale, redemption or payment at maturity). Holders of the [Discount] Bonds should consult their tax advisors for an explanation of the original issue discount rules.]

Additional Federal Income Tax Consequences Relating to Bonds

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Bonds, may have additional Federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty insurance companies, foreign corporations and certain S corporations. Prospective purchasers of the Bonds should also consult with their tax advisors with respect to the need to furnish certain taxpayer information in order to avoid backup withholding.

State Taxation

Bond Counsel is also of the opinion that interest on the Bonds, and any gain on the sale of the Bonds, are not includable in gross income under the existing New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended. Except as provided above, no opinion is expressed with respect to other State and local tax consequences of owning the Bonds. See "APPENDIX C – Form of Approving Legal Opinion" for the complete text of the proposed form of Bond Counsel's approving legal opinion.

Prospective Tax Law Changes

Federal, state or local legislation, administrative pronouncements or court decisions may affect the Federal and State tax-exempt status of interest on the Bonds and the State tax-exempt status of interest on the Bonds, gain from the sale or other disposition of the Bonds, the market value of the Bonds or the marketability of the Bonds. The effect of any legislation, administrative pronouncements or court decisions cannot be predicted. Prospective purchasers of the Bonds should consult their own tax advisors regarding such matters.

Other Tax Consequences

Except as described above, Bond Counsel expresses no opinion with respect to any Federal, State, local or foreign tax consequences of ownership of the Bonds. Bond Counsel renders its opinion under existing statutes, regulations, rulings and court decisions as of the date of issuance of the Bonds and assumes no obligation to update its opinion after such date of issuance to reflect any future action, fact, circumstance, change in law or interpretation, or otherwise. Bond Counsel expresses no opinion as to the effect, if any, on the tax status of the interest on the Bonds paid or to be paid as a result of any action hereafter taken or not taken in reliance upon an opinion of other counsel.

See APPENDIX C for the complete text of the proposed form of Bond Counsel's legal opinion with respect to the Bonds.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS WITH RESPECT TO ALL TAX CONSEQUENCES (INCLUDING BUT NOT LIMITED TO THOSE LISTED ABOVE) OF HOLDING THE BONDS.

RISK TO HOLDERS OF BONDS

It is understood that the rights of the holders of the Bonds, and the enforceability thereof, may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

Municipal Bankruptcy

THE BOARD HAS NOT AUTHORIZED THE FILING OF A BANKRUPTCY PETITION. THIS REFERENCE TO THE BANKRUPTCY CODE OR THE STATE STATUTE SHOULD NOT CREATE ANY IMPLICATION THAT THE BOARD EXPECTS TO UTILIZE THE BENEFITS OF ITS PROVISIONS, OR THAT IF UTILIZED, SUCH ACTION WOULD BE APPROVED BY THE LOCAL FINANCE BOARD, OR THAT ANY PROPOSED PLAN WOULD INCLUDE A DILUTION OF THE SOURCE OF PAYMENT OF AND SECURITY FOR THE BONDS, OR THAT THE BANKRUPTCY CODE COULD NOT BE AMENDED AFTER THE DATE HEREOF.

The undertakings of the Board should be considered with reference to 11 U.S.C. §101 *et seq.*, as amended and supplemented (the "Bankruptcy Code"), and other bankruptcy laws affecting creditors' rights and municipalities in general. The Bankruptcy Code permits the State or any political subdivision, public agency, or instrumentality that is insolvent or unable to meet its debts to commence a voluntary bankruptcy case by filing a petition with a bankruptcy court for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner's creditors; provides that a petition filed under this chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to certain debts owed, and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount and more than one-half in number of the allowed claims of at least one (1) impaired class. The Bankruptcy Code specifically does not limit or impair the power of a state to control, by legislation or otherwise, the procedures that a political subdivision must follow in order to take advantage of the provisions of the Bankruptcy Code.

The Bankruptcy Code provides that special revenue acquired by the debtor after the commencement of the case shall remain subject to any lien resulting from any security agreement entered into by such debtor before the commencement of such bankruptcy case. However, special revenues acquired by the debtor after commencement of the case shall continue to be available to pay debt service secured by those revenues. Furthermore, the Bankruptcy Code provides that a transfer of property of a debtor to or for the benefit of any holder of a bond or note, on account of such bond or note, may be avoided pursuant to certain preferential transfer provisions set forth in such act.

Reference should also be made to N.J.S.A. 52:27-40 *et seq.* which provides that a political subdivision, including the Board, has the power to file a petition in bankruptcy with any United States Court or court in bankruptcy under the provisions of the Bankruptcy Code, for the purpose of effecting a plan of readjustment of its debts or for the composition of its debts; provided, however, the approval of the Local Finance Board, as successor to the Municipal Finance Commission, must be obtained.

Cyber Security

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats, including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never

had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

Climate Change

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District maintains a comprehensive insurance policy and maintains adequate reserves that could be used in the event of extreme weather.

RECENT HEALTHCARE DEVELOPMENTS

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to mitigate the spread of the disease and provide relief to State and local governments. The pandemic and certain mitigation measures altered the behavior of businesses and people with negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level. Depending on future circumstances, ongoing actions could be taken by State, federal and local governments and private entities to mitigate the spread and impacts of COVID-19, its variants or other critical health care challenges.

To date, the overall finances and operations of the Board have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, the degree of any future impact to the Board's operations and finances is difficult to predict due to the dynamic nature of the COVID-19 pandemic and any additional actions that may be taken by governmental and other health care authorities to manage the COVID-19 pandemic.

The American Rescue Plan Act of 2021, H.R. 1319 (the "Plan"), signed into law by the President of the United States on March 11, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Plan, in part, provides funding for State and local governments to offset costs to safely reopen schools during the COVID-19 pandemic and to subsidize COVID-19 testing and vaccination programs. In addition, the Plan includes \$350 billion in relief funds to public entities, such as the Board.

The Board has been awarded a total of \$2,952,736 in federal aid to address the effects of the COVID-19 pandemic.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, the issuance, the sale and the delivery of the Bonds are subject to the approval of Bond Counsel to the Board, whose approving legal opinion will be delivered with the Bonds substantially in the form set forth as APPENDIX C. Certain legal matters will be passed upon for the Board by its Board Attorney.

PREPARATION OF OFFICIAL STATEMENT

The Board hereby states that the descriptions and statements herein, including the Financial Statements, are true and correct in all material respects, and it will confirm the same to the Underwriter (as hereinafter defined) by a certificate signed by the Board President and Business Administrator/Board Secretary. See "CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT" herein.

Bond Counsel has participated in the preparation and review of this Official Statement but has not participated in the collection of financial, statistical or demographic information contained in this Official Statement nor verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Board and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

The Auditor takes responsibility for the Financial Statements to the extent specified in the Independent Auditor's Report appearing in APPENDIX B hereto.

The Board Attorney has not participated in the preparation of the information contained in this Official Statement, nor has the Board Attorney verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto, but has reviewed the section under the caption entitled "LITIGATION" and expresses no opinion or assurance other than that which is specifically set forth therein with respect thereto.

All other information has been obtained from sources which the Board considers to be reliable, but it makes no warranty, guarantee or other representation with respect to the accuracy and completeness of such information.

RATING

S&P Global Ratings, acting through Standard & Poor's Financial Services LLC (the "Rating Agency"), has assigned an underlying rating of "AA" to the Bonds based upon the creditworthiness of the School District. The Bonds are additionally secured by the New Jersey School Bond Reserve Act.

The rating reflects only the view of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Board forwarded to the Rating Agency certain information and materials concerning the Bonds and the School District. There can be no assurance that the rating will be maintained for any given period of time or that the rating will not be raised, lowered or withdrawn entirely if, in the Rating Agency's judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Bonds.

UNDERWRITING

The Bonds are being purchased from the Board by _____ (the "Underwriter"), at a price of \$_____. The Underwriter is obligated to purchase all of the Bonds if any Bonds are so purchased.

The Underwriter intends to offer the Bonds to the public initially at the offering yields set forth on the inside cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with dealers and other underwriters in offering the Bonds to the public. The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at yields higher than the public offering yields set forth on the inside cover page, and such public offering yields may be changed, from time to time, by the Underwriter without prior notice.

SECONDARY MARKET DISCLOSURE

The Board has covenanted for the benefit of the holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Board by no later than each January 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. The Annual Report will be filed by the Board with the Municipal Securities Rulemaking Board (the "MSRB") or any other entity designated by the MSRB. The notices of material events will be filed by the Board with the MSRB through its Electronic Municipal Market Access ("EMMA") system and with any other entity designated by the MSRB, as applicable. The nature of the information to be contained in the Annual Report or the notices of material events is set forth in "APPENDIX D – Form of Continuing Disclosure Certificate." These covenants have been made in order to assist the underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) (the "SEC Rule").

Within the five (5) years immediately preceding the date of this Official Statement, the Board has not been an obligated party with respect to secondary market disclosure undertakings in accordance with the SEC Rule. The Board appointed Phoenix Advisors, Hamilton, New Jersey to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including information additional to that contained herein, may be directed to the Business Administrator/Board Secretary, Felicia V. Kucinski, (973) 838-0555, ext. 4002 or to Charles Anthony Solimine, Esq., Wilentz, Goldman & Spitzer, P.A., Bond Counsel to the Board, (732) 855-6430 or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey, (609) 291-0130.

CERTIFICATE WITH RESPECT TO THE OFFICIAL STATEMENT

At the time of the original delivery of the Bonds, the Board will deliver a certificate of one or more of its authorized officials to the effect that he/she has examined this Official Statement (including the Appendices) and the financial and other data concerning the School District contained herein and that, to the best of his knowledge and belief, (i) this Official Statement, both as of its date and as of the date of delivery of the Bonds, does not contain any untrue statement of a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading and (ii) between the date of this Official Statement and the date of delivery of the Bonds, there has been no material adverse change in the affairs (financial or otherwise), financial condition or results or operations of the Board except as set forth in or contemplated by this Official Statement.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Board, the Underwriter and the holders of any of the Bonds. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Board since the date hereof.

The Board has authorized the preparation of this final Official Statement containing pertinent information relative to the Bonds, and this Official Statement is deemed to be the final Official Statement as required by Rule 15c2-12, promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended and supplemented. By awarding the Bonds to the Underwriter, the Board agrees that, within the earlier of seven (7) business days following the date of such award or to accompany the purchasers' confirmations requesting payment for the Bonds, it shall provide without cost to the Underwriter, for distribution purposes, copies of this final Official Statement. The underwriter agrees that (i) it shall accept such designation, and (ii) it shall assure the distribution of the final Official Statement.

**THE BOARD OF EDUCATION OF THE BOROUGH OF
BLOOMINGDALE IN THE COUNTY OF PASSAIC, NEW
JERSEY**

**FELICIA V. KICINSKI,
Business Administrator/Board Secretary**

DATED: _____, 2026

APPENDIX A

**Certain Economic and Demographic Information Relating to the
School District and the Borough of Bloomingdale,
in the County of Passaic, State of New Jersey**

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INFORMATION REGARDING THE SCHOOL DISTRICT¹

Type

The School District is a Type II school district that is coterminous with the borders of the Borough of Bloomingdale (the “Board”). The School District provides a full range of educational services appropriate to Pre-Kindergarten (Pre-K) through the eighth (8) grades.

The Board is composed of nine (9) members elected by the legally qualified voters in the School District to terms of three (3) years on a staggered basis. The President and Vice President are chosen for one (1) year terms from among the members of the Board.

The Board is the policy making body of the School District and has the general responsibility for providing an education program, the power to establish policies and supervise the public schools in the School District, the responsibility to develop the annual School District budget and present it to the legally registered voters in the School District. The Board's fiscal year ends each June 30.

The Board appoints a Superintendent and Business Administrator/Board Secretary who are responsible for budgeting, planning and the operational functions of the School District. The administrative structure of the Board gives final responsibility for both the educational process and the business operation to the Superintendent.

Description of Facilities

The Board presently operates the following school facilities:

| Facility | Grade Level | Student Enrollment (As of 6/30/25) |
|------------------------------------|--------------------|-----------------------------------------------|
| Martha B. Day Elementary School | PreK - 1 | 216 |
| Samuel R. Donald Elementary School | 2 -4 | 237 |
| Walter T. Bergen Middle School | 5 - 8 | 240 |

Source: Annual Comprehensive Financial Report of the School District

¹ Source: The Board, unless otherwise indicated.

Staff

The Superintendent is the chief executive officer of the Board and is in charge of carrying out Board policies. The Business Administrator/Board Secretary is the chief financial officer of the Board and must submit monthly financial reports to the Board and annual reports to the New Jersey Department of Education.

The following table presents the number of full and part-time teaching professionals and support staff of the School District as of June 30, 2025, for each of the past five (5) years.

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Teaching Professionals | 85 | 85 | 84 | 86 | 80 |
| Support Staff | 34 | 34 | 34 | 32 | 30 |
| Total Full & Part Time Employees | <u>119</u> | <u>119</u> | <u>118</u> | <u>118</u> | <u>110</u> |

Source: Annual Comprehensive Financial Report of the School District

Pupil Enrollments

The following table presents the historical average daily pupil enrollments for the past five (5) school years.

| Pupil Enrollments | |
|---------------------------|--------------------------|
| <u>School Year</u> | <u>Enrollment</u> |
| 2024-2025 | 693 |
| 2023-2024 | 641 |
| 2022-2023 | 622 |
| 2021-2022 | 562 |
| 2020-2021 | 552 |

Source: School District and Annual Comprehensive Financial Report of the School District

Pensions

Those employees of the School District who are eligible for pension coverage are enrolled in one of the two State-administered multi-employer pension systems (the “Pension System”). The Pension System was established by an act of the State Legislature. The Board of Trustees for the Pension System is responsible for the organization and administration of the Pension System. The two State-administered pension funds are: (1) the Teacher’s Pension and Annuity Fund (“TPAF”) and (2) the Public Employee’s Retirement System (“PERS”). The Division of Pensions and Benefits, within the State of New Jersey Department of the Treasury (the “Division”), charges the participating school districts annually for their respective contributions. The School District raises its contributions through taxation and the State contributes the employer’s share of the annual Social Security and Pension contribution for

employees enrolled in the TPAF. The Pension System is a cost sharing multiple employer contributory defined benefit plan. The Pension System's designated purpose is to provide retirement and medical benefits for qualified retirees and other benefits to its members. Membership in the Pension System is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency provided the employee is not required to be a member of another State administered retirement system or other state or local jurisdiction.

Fiscal 2025-26 Budget

Prior to the passage of P.L. 2011, c. 202 the Board was required to submit its budget for voter approval on an annual basis. Under the Election Law (P.L. 2011, c. 202, effective January 17, 2012) if a school district has opted to move its annual election to November, it is no longer required to submit the budget to voters for approval if the budget is at or below the two-percent (2%) property tax levy cap as provided for under New Cap Law (P.L. 2010, c. 44). If a school district proposes to spend above the two-percent (2%) property tax levy cap, it is then required to submit its budget to voters at the annual school election in November. The Board has chosen under the Election Law to move its annual school election to November.

The General Fund budget is the sum of all state aid (exclusive of pension aid and social security aid) and the local tax levy (exclusive of debt service). The Board's General Fund Budget for the 2025-2026 fiscal year is \$24,301,000. The major sources of revenue are \$19,264,391 from the local tax levy and \$2,095,637 from state aid.

Source: Annual User-Friendly Budget of the School District

Budget History

As noted, prior to the Board's budget for its 2013-2014 fiscal year, the Board was required to submit its budget for voter approval. A summary of the last five (5) budget years of the Board is presented below:

| Budget Year | Amount Raised in Taxes | Budget Amount |
|------------------------|-----------------------------------|--------------------------|
| 2025-2026 | \$19,264,391 | \$24,301,000 |
| 2024-2025 | 18,788,619 | 23,275,000 |
| 2023-2024 | 18,420,215 | 22,548,060 |
| 2022-2023 | 18,059,034 | 22,593,647 |
| 2021-2022 | 18,168,360 | 21,992,208 |

Source: Annual User-Friendly Budget of the School District

Financial Operations

The following table summarizes information on the changes in general fund revenues and expenditures for the school years ending June 30, 2021 through June 30, 2025 for the general fund. Beginning with the 1993-94 fiscal year, school districts in the State of New Jersey have begun to prepare their financial statements in accordance with Generally Accepted Accounting Principles in the United States.

GENERAL FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEARS ENDED JUNE 30:

| | <u>2025</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--------------------------------------|---------------------|---------------------|--------------------|--------------------|--------------------|
| REVENUES | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$18,788,619 | \$18,420,215 | \$18,059,034 | \$18,168,360 | \$17,812,118 |
| Other Local Revenue | <u>766,974</u> | <u>644,250</u> | <u>112,554</u> | <u>467,239</u> | <u>135,541</u> |
| Total Revenues-Local Sources | 19,555,593 | 19,064,465 | 18,171,588 | 18,635,599 | 17,947,659 |
| State Sources | 5,546,554 | 5,757,017 | 5,266,805 | 5,352,492 | 4,746,466 |
| Federal Sources | <u>480,320</u> | <u>391,503</u> | <u>62,103</u> | <u>32,352</u> | <u>25,261</u> |
| Total Revenues | \$25,582,467 | \$25,212,985 | \$23,500,496 | \$24,020,443 | \$22,719,386 |
| EXPENDITURES | | | | | |
| General Fund: | | | | | |
| Instruction | \$5,258,658 | \$5,044,583 | \$4,899,068 | \$4,926,447 | \$4,564,445 |
| Undistributed Expenditures | 17,900,346 | 17,948,937 | 17,122,754 | 16,746,523 | 17,004,612 |
| Capital Outlay | <u>128,760</u> | <u>122,528</u> | <u>635,403</u> | <u>73,322</u> | <u>82,449</u> |
| Total Expenditures | 23,287,764 | 23,116,048 | 22,657,225 | 21,746,292 | 21,651,506 |
| Excess (Deficiency) of Revenues | | | | | |
| Over/(Under) Expenditures | 2,294,703 | 2,096,937 | 843,271 | 2,274,151 | 1,067,880 |
| Other Financing Sources (Uses): | | | | | |
| Financed Purchases (Non-Budgeted): | 0 | 0 | 244,380 | 28,697 | 0 |
| Transfers In | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | <u>(391,665)</u> | <u>(59,159)</u> | <u>(599,654)</u> | <u>(67,575)</u> | <u>0</u> |
| Total Other Financing Sources (Uses) | (391,665) | (59,159) | (355,274) | (38,878) | 0 |
| Net Change in Fund Balance | 1,903,038 | 2,037,778 | 487,997 | 2,235,273 | 1,067,880 |
| Fund Balance, July 1 | <u>10,986,222</u> | <u>8,948,444</u> | <u>8,460,447</u> | <u>6,225,174</u> | <u>5,157,294</u> |
| Fund Balance, June 30 | <u>\$12,889,260</u> | <u>\$10,986,222</u> | <u>\$8,948,444</u> | <u>\$8,460,447</u> | <u>\$6,225,174</u> |

Source: Annual Comprehensive Financial Report of the School District. Statement of Revenues, Expenditures Governmental Funds and Changes In Fund Balances on a GAAP basis

Financed Purchases

As of June 30, 2025, the Board has financed purchase(s) outstanding with payments due through year ending June 30, 2038, totaling \$607,883.

Source: Comprehensive Annual Financial Report of the School District

Short-Term Debt

As of June 30, 2025, the Board has no short-term debt outstanding.

Source: Annual Comprehensive Financial Report of the School District

Long-Term Debt

As of June 30, 2025, the Board has no long-term debt outstanding.

Source: Annual Comprehensive Financial Report of the School District

Debt Limit of the Board

The debt limitation of the Board is established by the statute (N.J.S.A. 18A:24-19). The Board is permitted to incur debt up to 3% of the average equalized valuation for the past three years (See “SUMMARY OF CERTAIN PROVISIONS FOR THE PROTECTION OF SCHOOL DEBT- Exceptions to School Debt Limitations” herein). The following is a summation of the Board’s debt limitation as of June 30, 2025:

| | |
|---------------------------------------------------------------------|-----------------|
| Average Equalized Real Property Valuation (2022, 2023, and 2024) | \$1,133,512,165 |
|---------------------------------------------------------------------|-----------------|

School District Debt Analysis

| | |
|--------------------------------------------------------------|--------------|
| Permitted Debt Limitation (3% of AEVP) | \$34,005,365 |
| Less: Bonds and Notes Authorized and Outstanding | <u>0</u> |
| Remaining Limitation of Indebtedness | \$34,005,365 |
| Percentage of Net School Debt to Average Equalized Valuation | 0.00% |

Source: Comprehensive Annual Financial Report of the School District

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INFORMATION REGARDING THE BOROUGH OF BLOOMINGDALE¹

The following material presents certain economic and demographic information of the Borough of Bloomingdale (the “Borough”), in the County of Passaic (the “County”), State of New Jersey (the “State”).

Size and Geographical Location

The Borough, incorporated in the year 1918, is a medium sized residential and commercial community with a land area of 9.25 square miles located in the North Jersey Lakeland area.

The Borough is bounded by the municipalities of Ringwood on the north, Wanaque and Pompton Lakes on the east, Riverdale and Butler on the south and West Milford on the west. There are eight lakes within the confines of the Borough. Originally the Borough was predominantly used by summer residents but many of the lakes boast year-round homeowners.

Approximately one third of the Borough is mountainous and densely wooded. A little over 2.5 square miles of the northern mountainous section is part of the state-owned Norvin Green State Forest and approximately 396 acres is owned by the Salvation Army and used by it as a summer camp for underprivileged children and senior citizens, as well as a conference center.

Form of Government

The Borough is governed by a Mayor and six (6) Council Members. The elected council consists of six members elected at large for three-year staggered terms with both administrative and policy making powers.

The Mayor is elected by the voters of the municipality every four years. The Mayor has limited authority for administration.

Transportation

Many of the Borough residents are employed locally, but the majority commute to other parts of the metropolitan area.

The Borough is located in the upper part of Passaic County, has excellent transportation and commuter facilities and is about 25 miles from New York City.

The major vehicular traffic artery in the Borough provides easy access to Routes 23, 208, 46, 3 and 287, the Garden State Parkway, the New Jersey Turnpike and Interstate Route 80.

¹ Source: The Borough, unless otherwise indicated.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a cost-sharing multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Borough, the County, and the State:

| | Total Labor Force | Employed Labor Force | Total Unemployed | Unemployment Rate |
|-----------------------|------------------------------|---------------------------------|-----------------------------|------------------------------|
| <i>Borough</i> | | | | |
| 2024 | 4,611 | 4,428 | 183 | 4.0% |
| 2023 | 4,563 | 4,395 | 168 | 3.7% |
| 2022 | 4,467 | 4,296 | 171 | 3.8% |
| 2021 | 4,305 | 4,031 | 274 | 6.4% |
| 2020 | 4,299 | 3,909 | 390 | 9.1% |
| <i>County</i> | | | | |
| 2024 | 276,179 | 261,567 | 14,612 | 5.3% |
| 2023 | 273,311 | 259,615 | 13,696 | 5.0% |
| 2022 | 265,157 | 253,179 | 11,978 | 4.5% |
| 2021 | 259,732 | 237,864 | 21,868 | 8.4% |
| 2020 | 261,371 | 230,579 | 30,792 | 11.8% |
| <i>State</i> | | | | |
| 2024 | 4,898,008 | 4,676,064 | 221,944 | 4.5% |
| 2023 | 4,867,113 | 4,659,779 | 207,334 | 4.3% |
| 2022 | 4,756,002 | 4,572,879 | 183,123 | 3.9% |
| 2021 | 4,654,243 | 4,342,075 | 312,168 | 6.7% |
| 2020 | 4,643,700 | 4,204,301 | 439,399 | 9.5% |

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2023)

| | Borough | County | State |
|-------------------------|----------------|---------------|--------------|
| Median Household Income | \$126,221 | \$87,137 | \$101,050 |
| Median Family Income | 131,706 | 100,792 | 123,892 |
| Per Capita Income | 60,192 | 40,241 | 53,118 |

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Borough, the County, and the State.

| <u>Year</u> | <u>Borough</u> | | <u>County</u> | | <u>State</u> | |
|--------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|
| | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> |
| 2024 est. | 7,795 | 0.23% | 526,597 | 0.47% | 9,500,851 | 2.28% |
| 2020 | 7,777 | 1.58 | 524,118 | 4.57 | 9,288,994 | 5.65 |
| 2010 | 7,656 | 0.60 | 501,226 | 2.49 | 8,791,894 | 4.49 |
| 2000 | 7,610 | 1.06 | 489,049 | 7.94 | 8,414,350 | 8.85 |
| 1990 | 7,530 | -4.28 | 453,060 | 1.22 | 7,730,188 | 4.96 |

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Borough and their assessed valuations are listed below:

| <u>Taxpayers</u> | <u>2025</u> | | <u>% of Total</u> |
|----------------------------------|----------------------------------|----------------------------------|--------------------------|
| | <u>Assessed Valuation</u> | <u>Assessed Valuation</u> | |
| Waterfall Village LLC | \$14,890,100 | | 2.04% |
| Tree Tops Terrace Assoc., L.P. | 8,615,900 | | 1.18% |
| Finbar Equity 1 LLC (C/O Tilcon) | 8,595,700 | | 1.18% |
| Lake Iosco | 6,242,300 | | 0.86% |
| Bloomingdale Real Property LLC | 5,000,000 | | 0.69% |
| Tilcon New York Inc | 4,160,200 | | 0.57% |
| LCL Mountaintop LLC | 2,700,000 | | 0.37% |
| Bloomingdale Urban Renewal LLC | 2,475,000 | | 0.34% |
| Bloomingdale Main, LLC | 2,034,900 | | 0.28% |
| MDC Coast 23 LLC | 1,583,900 | | 0.22% |
| Total | <u>\$56,298,000</u> | | <u>7.72%</u> |

Source: Annual Comprehensive Financial Report of the School District and Municipal Tax Assessor

Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Current Year Collection</u> | <u>Current Year % of Collection</u> |
|--------------------|------------------------|---------------------------------------|--------------------------------------------|
| 2024 | \$33,497,507 | \$33,284,749 | 99.36% |
| 2023 | 32,837,033 | 32,630,781 | 99.37% |
| 2022 | 32,902,460 | 32,582,501 | 99.03% |
| 2021 | 32,263,061 | 32,068,332 | 99.40% |
| 2020 | 31,983,591 | 31,667,223 | 99.01% |

Source: Annual Audit Reports of the Borough

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Tax</u> | <u>Total Delinquent</u> | <u>% of Tax Levy</u> |
|--------------------|-----------------------------------------|----------------------------------------|--------------------------------|-----------------------------|
| 2024 | \$18,032 | \$174,127 | \$192,159 | 0.57% |
| 2023 | 15,367 | 202,013 | 217,380 | 0.66% |
| 2022 | 12,751 | 235,160 | 247,911 | 0.75% |
| 2021 | 9,497 | 161,616 | 171,112 | 0.53% |
| 2020 | 7,395 | 273,740 | 281,134 | 0.88% |

Source: Annual Audit Reports of the Borough

Property Acquired by Tax Lien Liquidation

| <u>Year</u> | <u>Amount</u> |
|--------------------|----------------------|
| 2024 | \$2,377,400 |
| 2023 | 2,377,400 |
| 2022 | 2,377,400 |
| 2021 | 2,377,400 |
| 2020 | 2,377,400 |

Source: Annual Audit Reports of the Borough

Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists the tax rates for Borough residents for the past five (5) years.

| <u>Year</u> | <u>Municipal</u> | <u>Municipal Open Space</u> | <u>Municipal Library</u> | <u>Local School</u> | <u>County</u> | <u>Total</u> |
|--------------------|-------------------------|----------------------------------------|-------------------------------------|--------------------------------|----------------------|---------------------|
| 2024 | \$1.127 | \$0.025 | \$0.054 | \$2.563 | \$0.818 | \$4.587 |
| 2023 | 1.103 | 0.025 | 0.048 | 2.516 | 0.810 | 4.502 |
| 2022 | 1.096 | 0.025 | 0.044 | 2.489 | 0.840 | 4.495 |
| 2021 | 1.096 | 0.024 | 0.038 | 2.468 | 0.772 | 4.398 |
| 2020 | 1.089 | 0.025 | 0.037 | 2.42 | 0.791 | 4.362 |

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

| <u>Year</u> | <u>Aggregate Assessed Valuation of Real Property</u> | <u>Aggregate True Value of Real Property</u> | <u>Ratio of Assessed to True Value</u> | <u>Assessed Value of Personal Property</u> | <u>Equalized Valuation</u> |
|--------------------|---------------------------------------------------------------------|-------------------------------------------------------------|-------------------------------------------------------|-----------------------------------------------------------|---------------------------------------|
| 2025 | \$729,422,900 | \$1,361,117,559 | 53.59% | \$0 | \$1,361,117,559 |
| 2024 | 729,510,100 | 1,170,211,902 | 62.34 | 0 | 1,170,211,902 |
| 2023 | 728,690,400 | 1,168,897,016 | 62.34 | 0 | 1,168,897,016 |
| 2022 | 731,323,600 | 1,061,427,576 | 68.9 | 0 | 1,061,427,576 |
| 2021 | 732,942,900 | 966,305,735 | 75.85 | 0 | 966,305,735 |

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Borough for the past five (5) years.

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Farm</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Apartments</u> | <u>Total</u> |
|--------------------|---------------------------|---------------------------|--------------------|--------------------------|--------------------------|--------------------------|---------------------|
| 2024 | 21,492,600 | 627,412,600 | 1,914,600 | 51,469,900 | 5,160,100 | 22,060,300 | 729,510,100 |
| 2023 | 21,429,500 | 626,456,200 | 1,914,600 | 51,669,700 | 5,160,100 | 22,060,300 | 728,690,400 |
| 2022 | 23,924,700 | 626,065,600 | 2,069,200 | 52,003,700 | 5,200,100 | 22,060,300 | 731,323,600 |
| 2021 | 24,148,500 | 626,380,600 | 1,913,300 | 53,240,100 | 5,200,100 | 22,060,300 | 732,942,900 |
| 2020 | 24,112,200 | 626,270,600 | 1,771,600 | 53,307,500 | 5,200,100 | 22,060,300 | 732,722,300 |

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Borough's Current Fund budget for the past five (5) fiscal years ending December 31. The following summary should be used in conjunction with the tables in the sourced documents from which it is derived.

Summary of Current Fund Budget

| <u>Anticipated Revenues</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Fund Balance Utilized | \$985,000 | \$1,000,000 | \$1,400,000 | \$1,250,000 | \$650,000 |
| Miscellaneous Revenues | 3,390,601 | 3,969,450 | 4,232,510 | 4,353,888 | 5,362,703 |
| Receipts from Delinquent Taxes | 275,000 | 165,000 | 233,000 | 206,000 | 178,400 |
| Amount to be Raised by Taxation | <u>8,312,681</u> | <u>8,337,402</u> | <u>8,391,391</u> | <u>8,606,329</u> | <u>9,219,569</u> |
| Total Revenue: | <u>\$12,963,282</u> | <u>\$13,471,852</u> | <u>\$14,256,901</u> | <u>\$14,416,217</u> | <u>\$15,410,672</u> |

Appropriations

| | | | | | |
|---------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| General Appropriations | \$9,807,799 | \$10,069,261 | \$9,782,317 | \$10,146,879 | \$10,711,648 |
| Operations (Excluded from CAPS) | 1,480,307 | 1,646,591 | 2,611,259 | 2,551,878 | 2,828,070 |
| Deferred Charges | 36,000 | 36,000 | 36,000 | 54,000 | 54,000 |
| Capital Improvement Fund | 70,000 | 180,000 | 270,000 | 261,000 | 303,525 |
| Municipal Debt Service | 1,084,176 | 1,210,000 | 1,226,325 | 1,115,278 | 1,304,767 |
| Reserve for Uncollected Taxes | <u>485,000</u> | <u>330,000</u> | <u>331,000</u> | <u>287,182</u> | <u>208,661</u> |
| Total Appropriations: | <u>\$12,963,282</u> | <u>\$13,471,852</u> | <u>\$14,256,901</u> | <u>\$14,416,217</u> | <u>\$15,410,672</u> |

Source: Annual Adopted Budgets of the Borough

Fund Balance

Current Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Current Fund

| <u>Year</u> | <u>Balance</u> | <u>Utilized in Budget</u> |
|--------------------|-----------------------|----------------------------------|
| | <u>12/31</u> | <u>of Succeeding Year</u> |
| 2024 | \$715,067 | \$650,000 |
| 2023 | 1,352,589 | 1,250,000 |
| 2022 | 1,712,731 | 1,400,000 |
| 2021 | 1,030,383 | 1,000,000 |
| 2020 | 990,119 | 985,000 |

Source: Annual Audit Reports of the Borough

Water/Sewer Utility Operating Fund

The following table lists the Borough's fund balance and the amount utilized in the succeeding year's budget for the Water/Sewer Utility Operating Fund for the past five (5) fiscal years ending December 31.

Water-Sewer Utility Operating Fund

| <u>Year</u> | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--------------------|---------------------------------|---------------------------------------------------------|
| 2024 | \$524,430 | \$333,731 |
| 2023 | 376,079 | 150,000 |
| 2022 | 638,791 | 600,000 |
| 2021 | 663,666 | 550,000 |
| 2020 | 636,398 | 500,000 |

Source: Annual Audit Reports of the Borough

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Borough Indebtedness as of December 31, 2024

General Purpose Debt

| | |
|-------------------------------------------|---------------------|
| Serial Bonds | \$9,865,000 |
| Bond Anticipation Notes | 2,331,000 |
| Bonds and Notes Authorized but Not Issued | 3,959,726 |
| Other Bonds, Notes and Loans | 0 |
| Total: | <u>\$16,155,726</u> |

Local School District Debt

| | |
|-------------------------------------------|------------|
| Serial Bonds | \$0 |
| Temporary Notes Issued | 0 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Total: | <u>\$0</u> |

Self-Liquidating Debt

| | |
|-------------------------------------------|--------------------|
| Serial Bonds | \$6,725,000 |
| Bond Anticipation Notes | 0 |
| Bonds and Notes Authorized but Not Issued | 192 |
| Other Bonds, Notes and Loans | 118,707 |
| Total: | <u>\$6,843,899</u> |

TOTAL GROSS DEBT

\$22,999,625

| | |
|-------------------------------|--------------------|
| Less: Statutory Deductions | |
| General Purpose Debt | \$1,014,658 |
| Local School District Debt | 0 |
| Regional School District Debt | 0 |
| Self-Liquidating Debt | 6,843,899 |
| Total: | <u>\$7,858,556</u> |

TOTAL NET DEBT

\$15,141,068

Source: Annual Debt Statement of the Borough

Overlapping Debt (as of December 31, 2024)²

| <u>Name of Related Entity</u> | <u>Related Entity Debt Outstanding</u> | <u>Borough Percentage</u> | <u>Borough Share</u> |
|------------------------------------|--------------------------------------------|-------------------------------|----------------------------|
| Local School District | \$0 | 100.00% | \$0 |
| County | 472,714,473 | 1.52% | <u>7,198,459</u> |
| Net Indirect Debt | | | \$7,198,459 |
| Net Direct Debt | | | <u>15,559,682</u> |
| Total Net Direct and Indirect Debt | | | <u>\$22,758,141</u> |

Debt Limit

| | |
|---------------------------------------------------------|---------------------|
| Average Equalized Valuation Basis (2022, 2023, 2024) | \$1,133,512,165 |
| Permitted Debt Limitation (3 1/2%) | 39,672,926 |
| Less: Net Debt | <u>15,141,068</u> |
| Remaining Borrowing Power | <u>\$24,531,857</u> |
| Percentage of Net Debt to Average Equalized Valuation | 1.336% |
| | |
| Gross Debt Per Capita based on 2020 population of 7,777 | \$2,957 |
| Net Debt Per Capita based on 2020 population of 7,777 | \$1,947 |

Source: Annual Debt Statement of the Borough

² Borough percentage of County debt is based on the Borough's share of total equalized valuation in the County.

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APPENDIX B

**Excerpts from Financial Statements of
The Board of Education of the
Borough of Bloomingdale
for the Fiscal Year Ending June 30, 2025**

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
FINANCIAL STATEMENTS
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INTRODUCTORY STATEMENT

Pursuant to N.J.S.A. 18:23-1 et seq., every board of education is required to provide an annual audit of the district's accounts and financial transactions. The audit must be performed by a licensed public school accountant within five months of the end of the fiscal year and filed with the State Commissioner of Education in Trenton. The financial statements included in Appendix B are excerpts from the audit performed in accordance with the statute for the school fiscal year ended June 30, 2025. The Board represents that the information contained in the excerpts is accurate. Complete copies of the audit are on file with the Board of Education and the State Department of Education in Trenton.

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Independent Auditors' Report

The Honorable President and Members
of the Board of Education
Borough of Bloomingdale School District
County of Passaic, New Jersey

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Borough of Bloomingdale School District (the “District”) in the County of Passaic as of and for the fiscal year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District’s basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in financial position, and, where applicable cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey (the “Office”) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and audit requirements prescribed by the Office, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, which follows this report, the pension and post-retirement schedules in Exhibits L-1 through L-5 and the related notes, and the budgetary comparison information in Exhibits C-1 through C-3 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, are required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Honorable President and Members
of the Board of Education
Borough of Bloomingdale School District
Page 3

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information schedules and the schedules of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*; and New Jersey's OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information schedules and the schedules of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

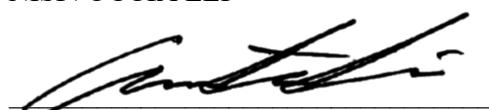
In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

November 25, 2025
Mount Arlington, New Jersey

NISIVOCCIA LLP



Andrew Kucinski
Licensed Public School Accountant #2684
Certified Public Accountant

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

| | Governmental Activities | Business-Type Activities | Total |
|-------------------------------------------------------|----------------------------|-----------------------------|----------------------|
| ASSETS: | | | |
| Cash and Cash Equivalents | \$ 5,201,108 | \$ 62,325 | \$ 5,263,433 |
| Receivables from Federal, State and Other Governments | 858,440 | 10,404 | 868,844 |
| Other Receivables | 38,203 | 3,484 | 41,687 |
| Inventory | | 14,304 | 14,304 |
| Restricted Assets: | | | |
| Cash and Cash Equivalents | 7,520,894 | | 7,520,894 |
| Capital Assets, net: | | | |
| Sites (Land) | 48,500 | | 48,500 |
| Depreciable Site Improvements, Building and Building | | | |
| Improvements and Furniture, Machinery and Equipment | 4,635,790 | 105,019 | 4,740,809 |
| Subscription Assets, net | 97,752 | | 97,752 |
| Total Assets | <u>18,400,687</u> | <u>195,536</u> | <u>18,596,223</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred Outflows Related to Pensions | <u>736,053</u> | | <u>736,053</u> |
| Total Deferred Outflows of Resources | <u>736,053</u> | | <u>736,053</u> |
| LIABILITIES: | | | |
| Accounts Payable | 529,524 | | 529,524 |
| Payable to State Government | 305,000 | | 305,000 |
| Accrued Interest Payable | 6,028 | | 6,028 |
| Unearned Revenue | 181,710 | 8,461 | 190,171 |
| Noncurrent Liabilities: | | | |
| Due Within One Year, Net | 130,266 | | 130,266 |
| Due Beyond One Year, Net | <u>3,721,435</u> | | <u>3,721,435</u> |
| Total Liabilities | <u>4,873,963</u> | <u>8,461</u> | <u>4,882,424</u> |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred Inflows Related to Pensions | <u>241,747</u> | | <u>241,747</u> |
| Total Deferred Inflows of Resources | <u>241,747</u> | | <u>241,747</u> |
| NET POSITION | | | |
| Net Investment in Capital Assets | 4,200,936 | 105,019 | 4,305,955 |
| Restricted for: | | | |
| Debt Service | 138,171 | | 138,171 |
| Capital Projects | 6,749,586 | | 6,749,586 |
| Maintenance | 622,769 | | 622,769 |
| Excess Surplus | 3,823,955 | | 3,823,955 |
| Unemployment Compensation | 73,077 | | 73,077 |
| Student Activities | 75,462 | | 75,462 |
| Unrestricted/(Deficit) | <u>(1,662,926)</u> | <u>82,056</u> | <u>(1,580,870)</u> |
| Total Net Position | <u>\$ 14,021,030</u> | <u>\$ 187,075</u> | <u>\$ 14,208,105</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS
 ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| Functions/Programs | Program Revenue | | | | Net (Expense) Revenue and Changes in Net Position | | |
|------------------------------------------|-------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total |
| | | | | | | | |
| Governmental Activities: | | | | | | | |
| Instruction: | | | | | | | |
| Regular | \$ 9,005,528 | \$ 36,957 | \$ 3,733,074 | | \$ (5,235,497) | | \$ (5,235,497) |
| Special Education | 644,839 | | 1,724,667 | | 1,079,828 | | 1,079,828 |
| School-Sponsored/Other Instruction | 1,185,593 | | 212,379 | | (973,214) | | (973,214) |
| Support Services: | | | | | | | |
| Tuition | 6,539,273 | | 225,016 | | (6,314,257) | | (6,314,257) |
| Student and Instruction Related Services | 2,423,506 | 105,834 | 52,929 | | (2,264,743) | | (2,264,743) |
| General Administration Services | 332,544 | | | | (332,544) | | (332,544) |
| School Administration Services | 465,634 | | 81,871 | | (383,763) | | (383,763) |
| Central Services | 265,353 | | | | (265,353) | | (265,353) |
| Administration Information Technology | 101,910 | | | | (101,910) | | (101,910) |
| Plant Operations and Maintenance | 1,479,640 | | | \$ 668,010 | (811,630) | | (811,630) |
| Pupil Transportation | 1,469,748 | | 130,807 | | (1,338,941) | | (1,338,941) |
| Unallocated Depreciation | 307,654 | | | | (307,654) | | (307,654) |
| Capital Outlay | 1,267 | | | | (1,267) | | (1,267) |
| Charter Schools | 11,176 | | | | (11,176) | | (11,176) |
| Total Governmental Activities | 24,233,665 | 142,791 | 6,160,743 | 668,010 | (17,262,121) | | (17,262,121) |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| <u>Functions/Programs</u> | <u>Program Revenue</u> | | | | <u>Net (Expense) Revenue and Changes in Net Position</u> | | |
|--------------------------------------------------|------------------------|-----------------------------|-------------------------------------------|-----------------------------------------|----------------------------------------------------------|---------------------------------|----------------------|
| | <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
| | | | | | | | |
| Business-Type Activities: | | | | | | | |
| Food Service | \$ 340,017 | \$ 163,850 | \$ 189,978 | | | \$ 13,811 | \$ 13,811 |
| Total Business-Type Activities | <u>340,017</u> | <u>163,850</u> | <u>189,978</u> | | | <u>13,811</u> | <u>13,811</u> |
| Total Primary Government | <u>\$ 24,573,682</u> | <u>\$ 306,641</u> | <u>\$ 6,350,721</u> | <u>\$ 668,010</u> | <u>\$ (17,262,121)</u> | <u>13,811</u> | <u>(17,248,310)</u> |
| General Revenues: | | | | | | | |
| Taxes: | | | | | | | |
| Property Taxes, Levied for General Purposes, Net | | | | | \$ 18,788,619 | | \$ 18,788,619 |
| Taxes Levied for Debt Service | | | | | 92,124 | | 92,124 |
| Federal and State Aid not Restricted | | | | | 610,880 | | 610,880 |
| Interest Income | | | | | 172,740 | | 172,740 |
| Miscellaneous Income | | | | | <u>557,277</u> | <u>\$ 3,526</u> | <u>560,803</u> |
| Total General Revenue | | | | | <u>20,221,640</u> | <u>3,526</u> | <u>20,225,166</u> |
| Change in Net Position | | | | | <u>2,959,519</u> | <u>17,337</u> | <u>2,976,856</u> |
| Net Position - Beginning | | | | | <u>11,061,511</u> | <u>169,738</u> | <u>11,231,249</u> |
| Net Position - Ending | | | | | <u>\$ 14,021,030</u> | <u>\$ 187,075</u> | <u>\$ 14,208,105</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

| | General Fund | Special Revenue Fund | Debt Service Fund | Total Governmental Funds |
|-----------------------------------------------|-----------------------------|----------------------------|--------------------------|--------------------------------|
| ASSETS: | | | | |
| Cash and Cash Equivalents | \$ 5,062,937 | | \$ 138,171 | \$ 5,201,108 |
| Interfund Receivables | 63,933 | | | 63,933 |
| Receivables From Federal Government | | \$ 41,361 | | 41,361 |
| Receivables From State Government | 817,079 | | | 817,079 |
| Other Receivables | 29,403 | 8,800 | | 38,203 |
| Restricted Cash and Cash Equivalents | 7,445,432 | 75,462 | | 7,520,894 |
| Total Assets | <u>\$ 13,418,784</u> | <u>\$ 125,623</u> | <u>\$ 138,171</u> | <u>\$ 13,682,578</u> |
| LIABILITIES AND FUND BALANCES: | | | | |
| Liabilities: | | | | |
| Interfund Payable | | \$ 63,933 | | \$ 63,933 |
| Accounts Payable | \$ 529,524 | | | 529,524 |
| Unearned Revenue | | 181,710 | | 181,710 |
| Total Liabilities | <u>529,524</u> | <u>245,643</u> | | <u>775,167</u> |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Capital Reserve Account | \$ 6,749,586 | | | \$ 6,749,586 |
| Maintenance Reserve Account | 622,769 | | | 622,769 |
| Excess Surplus - Restricted For 2026-2027 | 2,046,261 | | | 2,046,261 |
| Excess Surplus - Restricted For 2025-2026 | 1,777,694 | | | 1,777,694 |
| Unemployment Compensation | 73,077 | | | 73,077 |
| Student Activities | | \$ 75,462 | | 75,462 |
| Debt Service Fund | | | \$ 138,171 | 138,171 |
| Assigned: | | | | |
| Year-End Encumbrances | 227,309 | | | 227,309 |
| Designated for Subsequent Year's Expenditures | 621,502 | | | 621,502 |
| Unassigned/(Deficit) | 771,062 | (195,482) | | 575,580 |
| Total Fund Balances/(Deficit) | <u>12,889,260</u> | <u>(120,020)</u> | <u>138,171</u> | <u>12,907,411</u> |
| Total Liabilities and Fund Balances | <u>\$ 13,418,784</u> | <u>\$ 125,623</u> | <u>\$ 138,171</u> | |

Amounts Reported for *Governmental Activities* in the Statement of Net Position (A-1) are Different Because:

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Capital assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. | \$ 4,684,290 |
| Subscription Assets used in Governmental Activities are not financial resources and therefore are not reported in the Funds. | 97,752 |
| Interest on long-term liabilities is not accrued in Governmental Funds, but rather is recognized as an expenditure when due | (6,028) |
| The Net Pension Liability for PERS is not Due and Payable in the Current Period and is not Reported in the Governmental Funds. | (1,839,197) |
| Certain Amounts Related to the Net Pension Liability are Deferred and Amortized in the Statement of Activities and are not Reported in the Governmental Funds: | |
| Deferred Outflows | 431,053 |
| Deferred Inflows | (241,747) |
| Long-Term Liabilities, including Bonds Payable, Financed Purchases Payable, and Subscription Payable are not due and payable in the current period and therefore are not reported as liabilities in the Funds. | (2,012,504) |
| Net Position of Governmental Activities | <u>\$ 14,021,030</u> |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|----------------------------------------------|-------------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| REVENUE: | | | | | |
| Local Sources: | | | | | |
| Local Tax Levy | \$ 18,788,619 | | | \$ 92,124 | \$ 18,880,743 |
| Interest Earned on Capital Reserve Funds | 157,533 | | | | 157,533 |
| Interest Earned on Maintenance Reserve Funds | 15,207 | | | | 15,207 |
| Tuition - Individuals | 36,957 | | | | 36,957 |
| Restricted Miscellaneous Revenue | 2,278 | \$ 105,834 | | | 108,112 |
| Unrestricted Miscellaneous Revenue | 554,999 | 29,412 | | | 584,411 |
| Total - Local Sources | 19,555,593 | 135,246 | | 92,124 | 19,782,963 |
| State Sources | 5,546,554 | 2,138,121 | \$ 219,971 | | 7,904,646 |
| Federal Sources | 480,320 | 901,672 | | | 1,381,992 |
| Total Revenue | 25,582,467 | 3,175,039 | 219,971 | 92,124 | 29,069,601 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| Regular Instruction | 4,085,142 | 2,607,032 | | | 6,692,174 |
| Special Education Instruction | 432,510 | 15,026 | | | 447,536 |
| School Sponsored/Other Instruction | 741,006 | | | | 741,006 |
| Support Services and Undistributed Costs: | | | | | |
| Tuition | 6,314,257 | 225,016 | | | 6,539,273 |
| Student & Instruction Related Services | 1,867,121 | 102,324 | | | 1,969,445 |
| General Administrative Services | 305,798 | | | | 305,798 |
| School Administrative Services | 298,119 | | | | 298,119 |
| Central Services | 202,164 | | | | 202,164 |
| Administrative Information Technology | 68,635 | | | | 68,635 |
| Plant Operations and Maintenance | 1,578,891 | | | | 1,578,891 |
| Pupil Transportation | 1,469,748 | | | | 1,469,748 |
| Unallocated Benefits | 5,784,437 | | | | 5,784,437 |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | General Fund | Special Revenue Fund | Capital Projects Fund | Debt Service Fund | Total Governmental Funds |
|-------------------------------------------------------|-----------------|----------------------------|-----------------------------|-------------------------|--------------------------------|
| EXPENDITURES | | | | | |
| Debt Service: | | | | | |
| Principal | | | | \$ 91,000 | \$ 91,000 |
| Interest and Other Charges | | | | 1,124 | 1,124 |
| Transfer of Funds to Charter Schools | \$ 11,176 | | | | 11,176 |
| Capital Outlay | 128,760 | \$ 321,437 | \$ 672,709 | | 1,122,906 |
| Total Expenditures | 23,287,764 | 3,270,835 | 672,709 | 92,124 | 27,323,432 |
| Excess/(Deficit) of Revenue over/(under) Expenditures | 2,294,703 | (95,796) | (452,738) | | 1,746,169 |
| OTHER FINANCING SOURCES AND USES | | | | | |
| Transfers In/(Out) | (391,665) | 61,708 | 329,957 | | |
| Total Other Financing Sources and Uses | (391,665) | 61,708 | 329,957 | | |
| Net Change in Fund Balances | 1,903,038 | (34,088) | (122,781) | | 1,746,169 |
| Fund Balance/(Deficit)—July 1 | 10,986,222 | (85,932) | 122,781 | 138,171 | 11,161,242 |
| Fund Balance/(Deficit)—June 30 | \$ 12,889,260 | \$ (120,020) | \$ -0- | \$ 138,171 | \$ 12,907,411 |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Total Net Change in Fund Balances - Governmental Funds (from Exhibit B-2) \$ 1,746,169

Amounts Reported for Governmental Activities in the Statement of Activities (Exhibit A-2) are Different Because:

Capital outlays related to capital assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation differs from capital outlays in the period.

| | |
|-------------------------|------------------|
| Depreciation Expense | \$ (410,605) |
| Capital Asset Additions | <u>1,020,327</u> |
| | 609,722 |

Capital outlays related to subscription assets are reported in Governmental Funds as expenditures.

However, in the Statement of Activities the cost of those assets is allocated over the shorter of their estimated useful lives or subscription term as amortization expense. This is the amount by which amortization differs from capital outlays in the period.

| | |
|----------------------|----------|
| Amortization Expense | (48,876) |
|----------------------|----------|

Repayment of serial bonds and financed purchases are an expenditure in the Governmental Funds, but the repayment reduces

Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

457,818

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+)

157,320

Repayment of SBITAs is an expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position and is not reported in the Statement of Activities.

48,876

The net pension liability reported in the statement of activities does not require the use of current financial resources and is not reported as an expenditure in the Governmental Funds:

| | |
|---------------------------------|-----------|
| Change in Net Pension Liability | 202,056 |
| Change in Deferred Outflows | (241,446) |
| Change in Deferred Inflows | 23,021 |

In the Statement of Activities, interest on long-term liabilities is accrued, regardless of when due. In the Governmental Funds, interest is reported when due. When accrued interest exceeds the interest paid, the difference is a reduction in the reconciliation (-); when the interest paid exceeds the accrued interest, the difference is an addition to the reconciliation (+).

4,859

Change in Net Position - Governmental Activities (From Exhibit A-2)

\$ 2,959,519

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

| | |
|--|------------------|
| | Business-type |
| | Activities - |
| | Enterprise Funds |
| | Food |
| | Service |

ASSETS:

| | | |
|----------------------------------------|----|------------------|
| Current Assets: | | |
| Cash and Cash Equivalents | \$ | 62,325 |
| Intergovernmental Accounts Receivable: | | |
| State | | 1,305 |
| Federal | | 9,099 |
| Other Accounts Receivable | | 3,484 |
| Inventories | | <u>14,304</u> |
| | | |
| Total Current Assets | | <u>90,517</u> |
| | | |
| Non-Current Assets: | | |
| Capital Assets | | 309,259 |
| Less: Accumulated Depreciation | | <u>(204,240)</u> |
| | | |
| Total Non-Current Assets | | <u>105,019</u> |
| | | |
| Total Assets | | <u>195,536</u> |

LIABILITIES:

| | | |
|----------------------|--------------|--------------|
| Current Liabilities: | | |
| Unearned Revenue: | | |
| Prepaid Meals | 5,214 | |
| Donated Commodities | <u>3,247</u> | |
| | | |
| Total Liabilities | | <u>8,461</u> |

NET POSITION:

| | | |
|------------------------------|-------------------|--|
| Investment in Capital Assets | 105,019 | |
| Unrestricted | <u>82,056</u> | |
| | | |
| Total Net Position | <u>\$ 187,075</u> | |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | Business-type Activities - Enterprise Funds | Food Service |
|--------------------------------------------|---------------------------------------------------|-----------------|
| Operating Revenue: | | |
| Local Sources: | | |
| Daily Sales: | | |
| Reimbursable Programs | \$ 107,864 | |
| Non-Reimbursable Programs | 55,052 | |
| Miscellaneous Revenue | 934 | |
| | 163,850 | |
| Total Operating Revenue | | |
| Operating Expenses: | | |
| Cost of Sales: | | |
| Reimbursable Programs | 93,256 | |
| Non-Reimbursable Programs | 48,403 | |
| Salaries | 102,490 | |
| Benefits and Payroll Taxes | 42,037 | |
| Supplies, Insurance & Other Costs | 35,764 | |
| Management Fee | 9,309 | |
| Depreciation Expense | 8,758 | |
| | 340,017 | |
| Total Operating Expenses | | |
| Operating Loss | | (176,167) |
| Non-Operating Income: | | |
| Local Sources: | | |
| Interest Revenue | 3,526 | |
| State Sources: | | |
| State School Lunch Program | 20,256 | |
| State School Breakfast Program | 817 | |
| Federal Sources: | | |
| National School Lunch Program | 132,915 | |
| School Breakfast Program | 12,184 | |
| Summer Electronic Benefit Transfer (P-EBT) | 643 | |
| Food Distribution Program | 23,163 | |
| | 193,504 | |
| Total Non-Operating Income | | |
| Change in Net Position | | 17,337 |
| Net Position - Beginning of Year | | 169,738 |
| Net Position - End of Year | \$ 187,075 | |

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

| | Business-type Activities - Enterprise Funds Food Service |
|-----------------------------------------------------------------------------------|-------------------------------------------------------------------|
| Cash Flows from Operating Activities: | |
| Receipts from Customers | \$ 162,863 |
| Payments to Food Service Contractor | (351,245) |
| Payments to Suppliers | <u>(13,005)</u> |
| Net Cash Used for Operating Activities | <u>(201,387)</u> |
| Cash Flows from Investing Activities: | |
| Interest Income | <u>3,526</u> |
| Net Cash Provided by Investing Activities | <u>3,526</u> |
| Cash Flows from Capital and Related Financing Activities: | |
| Purchase of Capital Assets | <u>(89,814)</u> |
| Net Cash Used for Capital and Related Financing Activities | <u>(89,814)</u> |
| Cash Flows from Noncapital Financing Activities: | |
| State Sources | 20,139 |
| Federal Sources | <u>144,039</u> |
| Net Cash Provided by Noncapital Financing Activities | <u>164,178</u> |
| Net Decrease in Cash and Cash Equivalents | <u>(123,497)</u> |
| Cash and Cash Equivalents, July 1 | <u>185,822</u> |
| Cash and Cash Equivalents, June 30 | <u>\$ 62,325</u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities: | |
| Operating Loss | \$ (176,167) |
| Adjustment to Reconcile Operating Loss to Net Cash Used for Operating Activities: | |
| Depreciation | 8,758 |
| Food Distribution Program | 23,163 |
| Changes in Assets and Liabilities: | |
| (Decrease) in Unearned Revenue | (702) |
| (Decrease) in Accounts Payable | (51,462) |
| (Increase) in Accounts Receivable | (626) |
| (Increase) in Inventory | <u>(4,351)</u> |
| Net Cash Used for Operating Activities | <u>\$ (201,387)</u> |

Noncash Investing, Capital and Financing Activities:

The Food Service Enterprise Fund received U.S.D.A. Commodities through the Food Distribution Program valued at \$22,822 and utilized U.S.D.A. Commodities valued at \$23,163.

THE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS ARE
AN INTEGRAL PART OF THIS STATEMENT

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (the "Board") of the Borough of Bloomingdale School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

A. Reporting Entity:

The Board is an instrumentality of the State of New Jersey, established to function as an educational institution. The Board consists of elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District.

Governmental Accounting Standards Board ("GASB") Codification Section 2100, "Defining the Financial Reporting Entity" establishes standards to determine whether a governmental component unit should be included in the financial reporting entity. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be other organizations for which the nature and significance of their relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents. (2) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. (3) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. There were no additional entities required to be included in the reporting entity under the criteria as described above, in the current fiscal year. Furthermore, the District is not includable in any other reporting entity on the basis of such criteria.

B. Basis of Presentation:

District-Wide Financial Statements:

The statement of net position and the statement of activities present financial information about the District's governmental and business type activities. These statements include the financial activities of the overall District in its entirety. Eliminations have been made to minimize the double counting of internal transactions. These statements distinguish between the governmental and business type activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenue and other nonexchange transactions. Business type activities are financed in part by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenue for business-type activities and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses are allocated to the functions using an appropriate allocation method or association with the specific function.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

District-Wide Financial Statements: (Cont'd)

Indirect expenses include health benefits, employer's share of payroll taxes, compensated absences and tuition reimbursements. Program revenue includes (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Revenue that is not classified as program revenue, including all taxes, is presented as general revenue. The comparison of direct expenses in the program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds. Separate statements for each fund category – governmental and proprietary - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

The District reports the following governmental funds:

General Fund: The General Fund is the general operating fund of the District and is used to account for and report all expendable financial resources not accounted for and reported in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the capital outlay subfund.

As required by the NJDOE, the District includes budgeted capital outlay in this fund. GAAP, as it pertains to governmental entities, states that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenue. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by board resolution.

Special Revenue Fund: The Special Revenue Fund is used to account for and report the proceeds of specific revenue from sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. Thus, the Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Governments (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted or committed to expenditures for specified purposes.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

B. Basis of Presentation: (Cont'd)

Capital Projects Fund: The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets, lease assets or subscription assets (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election, funds appropriated from the General Fund, and from aid provided by the state to offset the cost of approved capital projects.

Debt Service Fund: The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

The District reports the following proprietary fund:

Enterprise (Food Service) Fund: The Enterprise Fund accounts for all revenue and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges.

C. Measurement Focus and Basis of Accounting

The district-wide financial statements and the proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within sixty days after the end of the fiscal year. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. Capital asset, lease asset or subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt and acquisitions under financed purchases are reported as other financing sources.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

C. Measurement Focus and Basis of Accounting (Cont'd)

It is the District's policy, that when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, to apply restricted resources first followed by unrestricted resources. Similarly, within unrestricted fund balance, it is the District's policy to apply committed resources first followed by assigned resources and then unassigned resources when an expenditure is incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Under the terms of grant agreements, the District may fund certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenue. Therefore, when program expenses are incurred, both restricted and unrestricted net position may be available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by general revenue.

D. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budget for the fiscal year ended June 30, 2025 was submitted to the County office and was approved by a vote of the Board of Education. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be made by School Board resolution. All budgetary amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budget during the year).

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles, with the exception of the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis except for student activities. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenue, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The General Fund and Special Revenue Fund budgetary revenue differs from GAAP revenue due to a difference in recognition of the last two state aid payments for the current year. Since the State is recording the last two state aid payments in the subsequent fiscal year, the District cannot recognize these payments on the GAAP financial statements.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

D. Budgets/Budgetary Control: (Cont'd)

| | General Fund | Special Revenue Fund |
|--------------------------------------------------------------------------------------------------------------------------------|----------------------|----------------------------|
| Sources/Inflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Revenue" from the Budgetary Comparison Schedule | \$ 25,593,189 | \$ 3,018,879 |
| Differences - Budgetary to GAAP: | | |
| Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not | (34,742) | 228,500 |
| Current Year Encumbrances | (34,742) | 228,500 |
| Prior Year Encumbrances | (34,742) | 228,500 |
| Prior Year State Aid Payments Recognized for GAAP Statements | 115,669 | 157,884 |
| Current Year State Aid Payments Recognized for Budgetary Purposes, not Recognized for GAAP Statements | <u>(126,391)</u> | <u>(195,482)</u> |
| Total Revenues as Reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds | <u>\$ 25,582,467</u> | <u>\$ 3,175,039</u> |
| Uses/Outflows of Resources: | | |
| Actual Amounts (Budgetary Basis) "Total Outflows" from the Budgetary Comparison Schedule | \$ 23,287,764 | \$ 3,077,077 |
| Differences - Budgetary to GAAP: | | |
| Budgetary Basis Recognizes Encumbrances as Expenditures and Revenue, whereas the GAAP Basis does not | (34,742) | 228,500 |
| Current Year Encumbrances | (34,742) | 228,500 |
| Prior Year Encumbrances | (34,742) | 228,500 |
| Total Expenditures as Reported on the Statement of Revenue, Expenditures, and Changes in Fund Balances - Governmental Funds | <u>\$ 23,287,764</u> | <u>\$ 3,270,835</u> |

E. Cash and Cash Equivalents and Investments:

Cash and cash equivalents include petty cash and cash in banks. Certificates of deposit with maturities of one year or less when purchased are stated at cost.

The District generally records investments at fair value and records the unrealized gains and losses as part of investment income. Fair value is the price that would be received to sell an investment in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

E. Cash and Cash Equivalents and Investments: (Cont'd)

New Jersey school districts are limited as to type of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts. Additionally, the District has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value of at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all the other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

F. Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

On fund financial statements, short-term interfund loans are classified as interfund receivables/payables. These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which are presented as internal balances.

G. Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

H. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as restricted, committed, and/or assigned fund balances at fiscal year-end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund for which the District has received advances are reflected in the balance sheet as unearned revenue at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

I. Short-term Interfund Receivables/Payables:

Short-term interfund receivables/payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

J. Inventories and Prepaid Expenses:

Inventories and prepaid expenses, which benefit future periods, other than those recorded in the enterprise fund, are recorded as an expenditure during the year of purchase.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method. Prepaid expenses in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2025.

K. Capital Assets:

During the year ended June 30, 1994, the District established a formal system of accounting for its capital assets. Capital assets acquired or constructed subsequent to June 30, 1994, are recorded at historical cost including ancillary changes necessary to place the asset into service. Capital assets acquired or constructed prior to the establishment of the formal system are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Land has been recorded at estimated historical cost. Donated capital assets are valued at acquisition value. The cost of normal maintenance and repairs is not capitalized. The District does not possess any infrastructure. Capital assets have been reviewed for impairment.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures in the governmental funds upon acquisition. Capital assets are not capitalized and related depreciation is not reported in the fund financial statements.

The capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) is \$2,000. The depreciation method is straight-line. The estimated useful lives of capital assets reported in the district-wide statements and proprietary funds are as follows:

| | <u>Estimated Useful Life</u> |
|-------------------------------------|------------------------------|
| Buildings and Building Improvements | 50 years |
| Site Improvements | 20 years |
| Furniture, Machinery and Equipment | 10 to 15 years |
| Computer and Related Technology | 5 years |
| Vehicles | 8 years |

L. Lease Assets

Intangible right-to-use lease assets are assets which the District leases for a term of more than one year. The value of leases are determined by the net present value of the leases at the District's incremental borrowing rate at the time of the lease agreement, amortized over the term of the agreement.

M. Subscription Assets

Intangible right-to-use subscription assets are subscription-based information technology arrangements (SBITAs) with subscription terms of more than one year. The value of subscription assets are determined by the sum of the subscription liability and payments made to the SBITA vendor, including capitalizable initial implementation costs, before the commencement date of the subscription term.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

N. Long Term Liabilities:

In the government-wide and enterprise fund statements of net position, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or enterprise funds. Bond premiums and discounts are reported as deferred charges and amortized over the term of the related debt using the straight-line method of amortization. In the fund financial statements, governmental fund types recognize bond premiums as revenue in the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses.

O. Accrued Salaries and Wages:

The District allows certain employees who provide services over the ten-month academic year the option to have their salaries evenly distributed during the entire twelve-month year. New Jersey statutes require that these earned but undisbursed amounts be retained in a separate bank account. As of June 30, 2025, the amount earned by these employees but not disbursed was \$340,539.

P. Compensated Absences:

The District accounts for compensated absences (e.g., unused vacation, sick leave) as directed by GASB. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. In the event of termination, an employee is reimbursed for accumulated vacation. Sick leave benefits provide for ordinary sick pay and begin vesting with the employee after fifteen years of service.

In the district-wide *Statement of Net Position*, the liabilities whose average maturities are greater than one year should be reported in two components – the amount due within one year and the amount due in more than one year.

Q. Lease Payable

In the district-wide financial statements, leases payable are reported as liabilities in the Statement of Net Position. In the governmental fund financial statements, the present value of lease payments is reported as other financing sources.

R. Subscription Payable

In the district-wide financial statements, subscription payables are reported as liabilities in the Statement of Net Position. In the governmental Fund financial statements, the present value of subscription payments at the District's incremental borrowing rate over the subscription term is reported as other financing sources.

S. Unearned Revenue:

Unearned revenue in the special revenue fund represents cash which has been received but not yet earned. See Note 1(D) regarding the special revenue fund.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

T. Fund Balance Appropriated:

General Fund: Of the \$12,889,260 General Fund fund balance at June 30, 2025, \$227,309 is assigned for encumbrances and \$621,502 is assigned as designated for subsequent year's expenditures; \$6,749,586 is restricted in the capital reserve account; \$622,769 has been restricted in the maintenance reserve; \$73,077 is restricted for unemployment compensation; \$2,046,261 is restricted for current year excess surplus in accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) and will be appropriated and included as anticipated revenue for the fiscal year ending June 30, 2027; \$1,777,694 is restricted as prior year excess surplus and has been appropriated and included as anticipated revenue for the fiscal year ended June 30, 2026, and \$771,062 is unassigned fund balance, which is \$126,391 less than the calculated maximum unassigned fund balance, on a GAAP basis, due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2026.

Special Revenue Fund: Of the deficit in fund balance of \$120,020 in the Special Revenue Fund at June 30, 2025, \$75,462 is restricted for Student Activities; and there is a deficit in unassigned fund balance of \$195,482 at June 30, 2025 in the Special Revenue Fund on a GAAP basis due to the final two state aid payments, which are not recognized until the fiscal year ended June 30, 2026.

Debt Service Fund: The Debt Service Fund fund balance at June 30, 2025 is \$138,171 and is restricted.

Calculation of Excess Surplus: In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701) the designation for Restricted Fund Balance-Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to restrict General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent year's budget. The District had excess surplus as noted above.

The District's unassigned fund balance in the General Fund and Special Revenue Fund is less on a GAAP basis than the budgetary basis by \$126,391 and \$195,482, respectively as reported in the fund statements (modified accrual basis). P.L. 2003, C.97 provides that in the event state school aid payments are not made until the following school budget year, districts must record the last state aid payments as revenue, for budget purposes only, in the current school budget year. The bill provides legal authority for school districts to recognize this revenue in the current budget year. For intergovernmental transactions, GASB Statement No. 33 requires that recognition (revenue, expenditure, asset, liability) should be in symmetry, i.e., if one government recognizes an asset, the other government recognizes a liability. Since the State is recording the last two state aid payments in the subsequent fiscal year, the school district cannot recognize these state aid payments on the GAAP financial statements until the year the State records the payable. The excess surplus calculation is calculated using the fund balance reported on the Budgetary Comparison Schedule, including the final two state aid payments and not the fund balance reported on the fund statement which excludes the last two state aid payments.

U. Deficit Fund Balance/Net Position:

The District has a deficit in unrestricted net position of \$1,662,926 in governmental activities, which is primarily due to compensated absences payable, net pension liability and the related deferred inflows and outflows of resources. The District also has a deficit in unassigned Special Revenue Fund fund balance of \$195,482 as of June 30, 2025 due to the June state aid payments that were not recognized on the GAAP basis as explained in Note 1T.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

V. Net Position:

Net position is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period. A deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. The District had deferred outflows of resources at June 30, 2025 related to pensions.

The District had deferred inflows of resources at June 30, 2025 related to pensions.

Net position is displayed in three components - net investment in capital assets; restricted and unrestricted.

The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, lease assets, net of accumulated amortization, and subscription assets, net of accumulated amortization reduced by the outstanding balances of borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also would be included in this component of net position.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

W. Fund Balance Restrictions, Commitments and Assignments:

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. The committed fund balance classification includes amounts that can be used only for the specific purposes determined for a formal action of the District's highest level of decision-making authority.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed. Unassigned fund balance is the residual classification for the District's General Fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classifications should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts has been restricted, committed or assigned.

Fund balance restrictions have been established for the debt service fund, a capital reserve, a maintenance reserve, excess surplus, student activities and for unemployment compensation insurance.

The District Board of Education has the responsibility to formally commit resources for specific purposes through a motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body. The Board of Education must also utilize a formal motion or a resolution passed by a majority of the Members of the Board of Education at a public meeting of that governing body in order to remove or change the commitment of resources. The District had no committed resources at June 30, 2025.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

W. Fund Balance Restrictions, Commitments and Assignments: (Cont'd)

The assignment of resources is generally made by the District Board of Education through a motion or a resolution passed by a majority of the Members of the Board of Education. These resources are intended to be used for a specific purpose. The process is not as restrictive as the commitment of resources and the Board of Education may allow an official of the District to assign resources through policies adopted by the Board of Education. The District has assigned resources for year-end encumbrances and the amount designated for subsequent year's expenditures in the General Fund at June 30, 2025.

X. Revenue - Exchange and Nonexchange Transactions:

Revenue, resulting from exchange transactions in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes, interest and tuition.

Y. Operating Revenue and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the Enterprise Fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the Enterprise Fund.

Z. Management Estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of revenue and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

AA. Pensions:

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the State of New Jersey Public Employees' Retirement System (PERS) and the State of New Jersey Teachers' Pension and Annuity Fund (TPAF) and additions to/deductions from the PERS's and TPAF's net position have been determined on the same basis as they are reported by the PERS and the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension Plan investments are reported at fair value.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 2. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash and cash equivalents include petty cash, change funds, amounts in deposits, and short-term investments with original maturities of three months or less.

The Board classifies certificates of deposit which have original maturity dates of more than three months but less than twelve months from the date of purchase, as investments.

GASB requires disclosure of the level of custodial credit risk assumed by the District in its cash, cash equivalents, and investments, if those items are uninsured or unregistered. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned.

Interest Rate Risk – In accordance with its cash management plan, the District ensures that any deposit or investment matures within the time period that approximates the prospective need for the funds, deposited or invested, so that there is not a risk to the market value of such deposits or investments.

Credit Risk – The District limits its investments to those authorized in its cash management plan which are those permitted under state statute as detailed in the Investment section of this note.

Custodial Credit Risk - The District's policy with respect to custodial credit risk requires that the District ensure that District funds are only deposited in financial institutions in which New Jersey school districts are permitted to invest their funds.

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund. New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments:

New Jersey statutes permit the Board to purchase the following types of securities:

- (1) Bonds or other obligations of the United States of America or obligations guaranteed by the United States of America;
- (2) Government money market mutual funds;
- (3) Any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, which security has a maturity date not greater than 397 days from the date of purchase, provided that such obligation bears a fixed rate of interest not dependent on any index or other external factor;
- (4) Bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located;
- (5) Bonds or other obligations, having a maturity date not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the "Local Authorities Fiscal Control Law", P.L. 1983, c.313 (C.40A:5A-1 et seq.). Other bonds or obligations having a maturity date not more than 397 days from the date of purchase may be approved by the Division of Investment in the Department of the Treasury for investment by local units;
- (6) Local government investment pools;
- (7) Deposits with the State of New Jersey Cash Management Fund established pursuant to section 1 of P.L. 1977, c.281 (C.52:18A-90.4); or
- (8) Agreements for the repurchase of fully collateralized securities if:
 - (a) the underlying securities are permitted investments pursuant to paragraphs (1) and (3) of this subsection a. or are bonds or other obligations, having a maturity date of not more than 397 days from the date of purchase, issued by New Jersey school districts, municipalities, counties, and entities subject to the requirements of the "Local Authorities Fiscal Control Law," P.L. 1983, c. 313 (C.40A:5A-1 et seq.);
 - (b) the custody of collateral is transferred to a third party;
 - (c) the maturity of the agreement is not more than 30 days;
 - (d) the underlying securities are purchased through a public depository as defined in section 1 of P.L. 1970, c.236 (C.17:9-41); and
 - (e) a master repurchase agreement providing for the custody and security of collateral is executed.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (Cont'd)

Investments: (Cont'd)

(9) Deposit of funds in accordance with the following conditions:

- (a) The funds are initially invested through a public depository as defined in section 1 of P.L. 1970, c. 236 (C.17:9-41) designated by the school district;
- (b) The designated public depository arranges for the deposit of the funds in deposit accounts in one or more federally insured banks, savings banks or savings and loan associations or credit unions for the account of the school district;
- (c) 100 percent of the principal and accrued interest of each deposit is insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund;
- (d) The designated public depository acts as custodian for the school district with respect to these deposits; and
- (e) On the same date that the school district's funds are deposited pursuant to subparagraph (b) of this paragraph, the designated public depository receives an amount of deposits from customers of other financial institutions, wherever located, equal to the amounts of funds initially invested by the school district through the designated public depository.

As of June 30, 2025, cash and cash equivalents of the District consisted of the following:

| | Cash and Cash Equivalents | Restricted Cash and Cash Equivalents | Total |
|--------------------------------|---------------------------------|--------------------------------------------|----------------------|
| Checking & Savings Accounts | <u>\$ 5,263,433</u> | <u>\$ 7,520,894</u> | <u>\$ 12,784,327</u> |
| | <u>\$ 5,263,433</u> | <u>\$ 7,520,894</u> | <u>\$ 12,784,327</u> |

During the period ended June 30, 2025, the District did not hold any investments. The carrying amount of the Board's cash and cash equivalents at June 30, 2025, was \$12,784,327 and the bank balance was \$13,575,725.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 4. CAPITAL ASSETS

| | Beginning Balance 6/30/2024 | Increases | Adjustments/ Decreases | Balance 6/30/2025 |
|--------------------------------------------|-----------------------------------|--------------------------|---------------------------|----------------------------|
| Governmental Activities: | | | | |
| Capital Assets not being Depreciated: | | | | |
| Sites (Land) | \$ 48,500 | | | \$ 48,500 |
| Construction in Progress | <u>1,713,286</u> | <u>\$ 122,781</u> | <u>\$ (1,836,067)</u> | <u></u> |
| Total Capital Assets not Being Depreciated | <u>1,761,786</u> | <u>122,781</u> | <u>(1,836,067)</u> | <u>48,500</u> |
| Capital Assets Being Depreciated: | | | | |
| Site Improvements | 1,363,113 | 87,695 | | 1,450,808 |
| Buildings and Building Improvements | 5,962,131 | 681,111 | 1,836,067 | 8,479,309 |
| Machinery and Equipment | <u>2,028,658</u> | <u>128,740</u> | | <u>2,157,398</u> |
| Total Capital Assets Being Depreciated | <u>9,353,902</u> | <u>897,546</u> | <u>1,836,067</u> | <u>12,087,515</u> |
| Governmental Activities Capital Assets | | | | |
| Less Accumulated Depreciation for: | | | | |
| Site Improvements | (805,193) | (57,376) | | (862,569) |
| Buildings and Building Improvements | (4,498,224) | (250,278) | | (4,748,502) |
| Machinery and Equipment | <u>(1,737,703)</u> | <u>(102,951)</u> | | <u>(1,840,654)</u> |
| Total Accumulated Depreciation | <u>(7,041,120)</u> | <u>(410,605)</u> | | <u>(7,451,725)</u> |
| Governmental Activities Capital Assets, | | | | |
| Net of Accumulated Depreciation | <u>\$ 4,074,568</u> | <u>\$ 609,722</u> | <u>\$ - 0 -</u> | <u>\$ 4,684,290</u> |
| Capital Assets Being Depreciated: | | | | |
| Furniture and Equipment | \$ 219,445 | \$ 89,814 | | \$ 309,259 |
| Less Accumulated Depreciation | <u>(195,482)</u> | <u>(8,758)</u> | | <u>(204,240)</u> |
| Business Type Activities Capital Assets, | | | | |
| Net of Accumulated Depreciation | <u>\$ 23,963</u> | <u>\$ 81,056</u> | | <u>\$ 105,019</u> |
| GRAND TOTAL | <u>\$ 4,098,531</u> | <u>\$ 690,778</u> | <u>\$ - 0 -</u> | <u>\$ 4,789,309</u> |

Depreciation expense was charged to governmental functions as follows:

| | |
|------------------------------------------|-------------------|
| Regular Instruction | \$ 43,272 |
| Student and Instruction Related Services | 25,939 |
| General Administration Services | 1,198 |
| School Administration Services | 17,968 |
| Operations and Maintenance of Plant | 14,574 |
| Unallocated | <u>307,654</u> |
| | <u>\$ 410,605</u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 5. SUBSCRIPTION ASSETS

Subscription asset balances and activity for the year ended June 30, 2025 were as follows:

| | Beginning Balance 6/30/2024 | Increases | Adjustments/ Decreases | Balance 6/30/2025 |
|----------------------------------------------|-----------------------------------|-------------|---------------------------|----------------------|
| Governmental Activities: | | | | |
| Subscription Assets Being Amortized: | | | | |
| Network Licensing | \$ 244,380 | | | \$ 244,380 |
| Total Subscription Assets Being Amortized | 244,380 | | | 244,380 |
| Governmental Activities Subscription Assets | 244,380 | | | 244,380 |
| Less Accumulated Amortization for: | | | | |
| Network Licensing | (97,752) | \$ (48,876) | | (146,628) |
| Total Accumulated Amortization | (97,752) | (48,876) | | (146,628) |
| Governmental Activities Subscription Assets, | | | | |
| Net of Accumulated Amortization | \$ 146,628 | \$ (48,876) | \$ - 0 - | \$ 97,752 |

Amortization expense was charged to governmental functions as follows:

| | |
|---------------------------------------|------------------|
| Administration Information Technology | \$ 48,876 |
| | <u>\$ 48,876</u> |

NOTE 6. TRANSFERS TO CAPITAL OUTLAY

During the fiscal year ended June 30, 2025, there were no transfers to the capital outlay accounts.

NOTE 7. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Bloomingdale School District in 1997, for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by Board resolution at year end of any unanticipated revenue or unexpended line item appropriations, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-5.1(d)7, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 7. CAPITAL RESERVE ACCOUNT (Cont'd)

The activity of the capital reserve for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

| | |
|----------------------------------------------------|----------------------------|
| Balance at June 30, 2024 | \$ 4,463,628 |
| Add: | |
| Unexpended Balance of Budgeted Withdrawal Returned | 100,000 |
| Refund of Prior Year Capital Expenditures Returned | 128,425 |
| Interest Earned | 157,533 |
| Increased by Board Resolution June 2025 | <u>2,000,000</u> |
| | <u>6,849,586</u> |
| Less: | |
| Budgeted Withdrawal from Capital Reserve | <u>(100,000)</u> |
| Balance at June 30, 2025 | <u><u>\$ 6,749,586</u></u> |

The balance in the capital reserve account at June 30, 2025 did not exceed the balance of local support costs of uncompleted capital projects in the District's approved Long Range Facilities Plan ("LRFP"). The withdrawal from the capital reserve was for use in DOE approved facilities projects consistent with the District's LRFP.

NOTE 8. MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account established by Board resolution. These funds may be used for specific activities necessary for the purpose of keeping a school facility open and safe for use or in its original condition, and for keeping its constituent buildings systems fully and efficiently functional and for keeping their warranties valid but cannot be used for routine or capital maintenance. The purpose of the reserve is to provide funds for anticipated expenditures required to maintain a building.

Pursuant to N.J.A.C. 6A:26A-4.2 funds may be deposited into the maintenance reserve account at any time by board resolution to meet the required maintenance of the District by transferring unassigned general fund balance or by transferring excess unassigned general fund balance that is anticipated to be deposited during the current year in the advertised recapitulation of balances of the subsequent year's budget that is certified for taxes. Funds may be withdrawn from the maintenance reserve account and appropriated into the required maintenance account lines at budget time or any time during the year by Board resolution for use on required maintenance activities by school facility as reported in the comprehensive maintenance plan. Funds withdrawn from the maintenance reserve account are restricted to required maintenance appropriations and may not be transferred to any other line-item account. In any year that maintenance reserve account funds are withdrawn, unexpended required maintenance appropriations, up to the amount of maintenance reserve account funds withdrawn, shall be restored to the maintenance reserve account at year-end.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 8. MAINTENANCE RESERVE ACCOUNT (Cont'd)

At no time, shall the maintenance reserve account have a balance that exceeds four percent of the replacement cost of the current year of the District's school facilities. If the account exceeds this maximum amount on June 30, the excess shall be restricted and designated in the subsequent year's budget. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the Maintenance Reserve Account for the July 1, 2024 to June 30, 2025 fiscal year is as follows:

| | |
|--------------------------|--------------------------|
| Balance at June 30, 2024 | \$ 607,562 |
| Add: | |
| Interest Earned | <u>15,207</u> |
| Balance at June 30, 2025 | <u><u>\$ 622,769</u></u> |

NOTE 9. LONG-TERM LIABILITIES

During the fiscal year ended June 30, 2025, the following changes occurred in liabilities reported in the district-wide financial statements:

| | Balance 6/30/2024 | Accrued | Retired | Balance 6/30/2025 | Due Within One Year |
|------------------------------|----------------------------|----------------------|--------------------------|----------------------------|--------------------------|
| Bonds Payable | \$ 91,000 | | \$ 91,000 | | |
| Financed Purchases Payable | 845,338 | | 366,818 | \$ 478,520 | \$ 34,126 |
| Subscription Payable | 151,462 | | 48,876 | 102,586 | 50,487 |
| Net Pension Liability | 2,041,253 | | 202,056 | 1,839,197 | |
| Compensated Absences Payable | <u>1,588,718</u> | <u>_____</u> | <u>157,320</u> | <u>1,431,398</u> | <u>45,653</u> |
| | <u><u>\$ 4,717,771</u></u> | <u><u>\$ -0-</u></u> | <u><u>\$ 866,070</u></u> | <u><u>\$ 3,851,701</u></u> | <u><u>\$ 130,266</u></u> |

A. Bonds Payable

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds. The District had no bonds outstanding as of June 30, 2025.

B. Bonds Authorized But Not Issued

As of June 30, 2025, the Board has \$22,613,129 bonds authorized but not issued.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

C. Financed Purchases Payable

The District has a financed purchase agreement for an energy savings improvement project valued at \$1,300,000 of which \$821,480 has been liquidated as of June 30, 2025. The financed purchase agreement is for a term of 15 years. The following is a schedule of the future minimum financed purchases payments, and the present value of the net minimum financed purchases payments at June 30, 2025.

| <u>Fiscal Year Ending June 30,</u> | <u>Governmental Activities</u> |
|----------------------------------------------------------|------------------------------------|
| 2026 | \$ 51,915 |
| 2027 | 51,751 |
| 2028 | 52,846 |
| 2029 | 39,650 |
| 2030 | 40,803 |
| Thereafter 5 Years (2031-2035) | 222,160 |
| Thereafter 3 Years (2036-2038) | <u>148,758</u> |
| Total Minimum Financed Purchases Payments | <u>607,883</u> |
| Less: Amount representing interest | <u>(129,363)</u> |
| Present Value Net of Minimum Financed Purchases Payments | <u><u>\$ 478,520</u></u> |

The current portion of the financed purchases payable at June 30, 2025 is \$34,126 and the long-term portion is \$444,394. The General Fund will be used to liquidate the financed purchases payable.

D. Subscription Payable

The District had subscriptions payable outstanding as of June 30, 2025 as follows:

| <u>Purpose</u> | <u>Subscription Payable</u> | | | |
|-------------------|---------------------------------|--------------------------------|--------------------------|--------------------------|
| | <u>Frequency of Payment</u> | <u>Final Maturity Date</u> | <u>Interest Rate</u> | <u>Amount</u> |
| Network Licensing | Annual | 08/01/27 | 3.000% | <u>\$ 102,586</u> |
| | | | | <u><u>\$ 102,586</u></u> |

Principal and interest due on subscription payable outstanding will be retired through the General Fund and are as follows:

| <u>Fiscal Year Ending June 30,</u> | <u>Governmental Activities</u> | |
|----------------------------------------|--------------------------------|------------------------|
| | <u>Principal</u> | <u>Interest</u> |
| 2026 | \$ 50,487 | \$ 3,223 |
| 2027 | <u>52,099</u> | <u>1,611</u> |
| | <u><u>\$ 102,586</u></u> | <u><u>\$ 4,834</u></u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 9. LONG-TERM LIABILITIES (Cont'd)

E. Net Pension Liability

The Public Employees' Retirement System's (PERS) net pension liability of the governmental fund types is recorded in current and long-term portions and will be liquidated by the General Fund. The current portion of the net pension liability at June 30, 2025 is \$0 and the long-term portion is \$1,839,197. See Note 10 for further information on the PERS.

F. Compensated Absences Payable

The liability for compensated absences of the governmental fund types is recorded as a long-term liability and will be liquidated through the General Fund. The current portion of the compensated absences balance of the governmental funds is \$45,653 and the remaining \$1,385,745 represents the long-term portion of compensated absences.

There is no liability for compensated absences in the District's Enterprise Fund.

NOTE 10. PENSION PLANS:

Substantially all of the Board's employees participate in one of the two contributory, defined benefit public employee retirement systems: the Teachers' Pension and Annuity Fund (TPAF) or the Public Employee's Retirement System (PERS) of New Jersey; or the Defined Contribution Retirement Program (DCRP), a tax-qualified defined contribution money purchase pension plan under Internal Revenue Code (IRC) 401(a).

A. Public Employees' Retirement System (PERS)

Plan Description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about the PERS, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service. The following represents the membership tiers for PERS:

| <u>Tier</u> | <u>Definition</u> |
|-------------|--------------------------------------------------------------------------------------------|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for PERS is set by N.J.S.A. 43:15A and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount, which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, P.L. 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The actuaries have determined the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability is being paid by the employer in level annual payments over a period of 15 years, beginning with the payments due in the fiscal year ended June 30, 2012 and is adjusted by the rate of return on the actuarial value of assets.

District contributions to PERS amounted to \$184,181 for fiscal year 2025. During the fiscal year ended June 30, 2024, the State of New Jersey contributed \$5,930 to the PERS for normal pension benefits on behalf of the District.

The employee contribution rate was 7.50% effective July 1, 2018.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Special Funding Situation

Under N.J.SA. 43:15A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed that legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is Chapter 366, P.L. 2001 and Chapter 133, P.L. 2001. The amounts contributed on behalf of the local participating employers under the legislation is considered to be special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under the legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statement of the local participating employers related to the legislation. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entity's total proportionate share of the collective net pension liability that is associated with the local participating employer. In addition, each local participating employer must disclose pension expense as well as revenue associated with the employers in an amount equal to the nonemployer contributing entity's total proportionate share of the collective pension expense associated with the local participating employer.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the District reported a liability of \$1,839,197 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.013%, which was a decrease of 0.0005% as of June 30, 2023.

For the fiscal year ended June 30, 2025, the District recognized an actual pension expense of \$200,814 for PERS. Additionally, for the fiscal year ended June 30, 2024, the State recognized pension expense for PERS on behalf of the District in the amount of \$5,930 and the District recognized pension expense and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements. There was no state proportionate share of net pension liability attributable to the District as of June 30, 2024.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Amortization | Deferred | Deferred | |
|------------------------------------------------------------------------------------------------|------------------|--------------------|--------------------------|-------------------------|
| | Deferral Year | Period in Years | Outflows of Resources | Inflows of Resources |
| Changes in Assumptions | | | | |
| | 2020 | 5.16 | | \$ 13,366 |
| | 2021 | 5.13 | \$ 2,285 | |
| | 2022 | 5.04 | | 7,560 |
| | | | <u>2,285</u> | <u>20,926</u> |
| Changes in Proportion | | | | |
| | 2020 | 5.16 | 20,258 | |
| | 2021 | 5.13 | | 61,141 |
| | 2022 | 5.04 | | 1,543 |
| | 2023 | 5.08 | 371,668 | |
| | 2024 | 5.08 | | 67,962 |
| | | | <u>391,926</u> | <u>130,646</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | | | | |
| | 2021 | 5.00 | | 126,249 |
| | 2022 | 5.00 | | (200,274) |
| | 2023 | 5.00 | | 51,935 |
| | 2024 | 5.00 | | <u>107,369</u> |
| | | | | <u>85,279</u> |
| Difference Between Expected and Actual Experience | | | | |
| | 2020 | 5.16 | 744 | |
| | 2021 | 5.13 | | 1,817 |
| | 2022 | 5.04 | | 3,079 |
| | 2023 | 5.08 | 9,461 | |
| | 2024 | 5.08 | <u>26,637</u> | <u>4,896</u> |
| | | | <u>36,842</u> | |
| District Contribution Subsequent to the Measurement Date | | | | |
| | 2024 | 1.00 | <u>305,000</u> | |
| | | | <u>\$ 736,053</u> | <u>\$ 241,747</u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported as deferred outflows of resources and deferred inflows of resources (excluding the District Contribution subsequent to measurement date) related to pensions will be recognized in the pension expense as follows:

| Fiscal Year Ending June 30, | Total |
|--------------------------------|--------------------------|
| 2025 | \$ (8,658) |
| 2026 | 156,627 |
| 2027 | 69,228 |
| 2028 | (27,109) |
| 2029 | <u>(782)</u> |
| | <u><u>\$ 189,306</u></u> |

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

| | |
|---------------------------|----------------------------------------|
| Inflation Rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | 2.75 – 6.55% based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee Mortality Table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and a 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------|----------------------------------------|
| U.S. Equity | 28.00% | 8.63% |
| Non-U.S. Developed Market Equity | 12.75% | 8.85% |
| International Small Cap Equity | 1.25% | 8.85% |
| Emerging Markets Equity | 5.50% | 10.66% |
| Private Equity | 13.00% | 12.40% |
| Real Estate | 8.00% | 10.95% |
| Real Assets | 3.00% | 8.20% |
| High Yield | 4.50% | 6.74% |
| Private Credit | 8.00% | 8.90% |
| Investment Grade Credit | 7.00% | 5.37% |
| Cash Equivalents | 2.00% | 3.57% |
| U.S. Treasuries | 4.00% | 3.57% |
| Risk Mitigation Strategies | 3.00% | 7.10% |

Discount Rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based upon 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments in determining the total pension liability.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the collective net pension liability as of June 30, 2024 calculated using the discount rate as disclosed below, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

A. Public Employees' Retirement System (PERS) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate (Cont'd)

| | June 30, 2024 | | |
|-------------------------------------------------------------|-------------------|-----------------------------|-------------------|
| | At 1% Decrease | At Current Discount Rate | At 1% Increase |
| | (6.00%) | (7.00%) | (8.00%) |
| District's proportionate share of the Net Pension Liability | \$ 2,443,840 | \$ 1,839,197 | \$ 1,324,648 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued PERS financial statements.

B. Teachers' Pension and Annuity Fund (TPAF)

Plan Description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF), is a cost-sharing multiple-employer defined benefit pension plan with a special funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. The TPAF is administered by the State of New Jersey Division of Pensions and Benefits (the Division). For additional information about the TPAF, please refer to the Division's annual financial statements which can be found at www.nj.gov/treasury/pensions/annual-reports.shtml.

Benefits Provided

The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

The following represents the membership tiers for TPAF:

| Tier | Definition |
|------|--------------------------------------------------------------------------------------------|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Benefits Provided (Cont'd)

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and to Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, to Tiers 3 and 4 with 25 or more years of service credit before age 62 and Tier 5 before age 65 with 30 or more years of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The contribution policy for TPAF is set by N.J.S.A. 18A:66 and requires contributions by active members and contributing members. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which included the employer portion of the normal cost and an amortization of the unfunded accrued liability. For fiscal year 2024, the State's pension contribution was more than the actuarial determined amount.

Special Funding Situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer. During the fiscal year ended 2025, the State of New Jersey contributed \$2,238,388 to the TPAF for normal pension benefits on behalf of the District, which is more than the contractually required benefit of (\$96,795).

The employee contribution rate was 7.50% effective July 1, 2018.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the State's proportionate share of the net pension liability of \$26,534,755 for its proportionate share of the net pension liability, which was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At June 30, 2024, the District's proportion was 0.054%, which was an increase of 0.008% as of June 30, 2023.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

| | |
|---------------------------------------------------------------------------------------|-----------------------------|
| District's Proportionate Share of the Net Pension Liability | \$ -0- |
| State's Proportionate Share of the Net Pension Liability Associated with the District | <u>26,534,755</u> |
| Total | <u>\$ 26,534,755</u> |

For the fiscal year ended June 30, 2024, the State recognized pension benefit on behalf of the District in the amount of \$96,795 and the District recognized pension benefit and revenue for that same amount in the fiscal year ended June 30, 2025 financial statements.

The State reported collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions from the following sources:

| | Year of Deferral | Amortization Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---------------------------------------------------------------------------------------------|---------------------|------------------------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | | | | |
| | 2017 | 8.30 | | \$ 480,199,664 |
| | 2018 | 8.29 | | 1,060,765,245 |
| | 2019 | 8.04 | | 1,016,333,107 |
| | 2020 | 7.99 | \$ 603,633,698 | |
| | 2021 | 7.93 | | 7,317,559,989 |
| | 2022 | 7.83 | <u>67,989,902</u> | |
| | | | <u>671,623,600</u> | <u>9,874,858,005</u> |
| Difference Between Expected and Actual Experience | | | | |
| | 2017 | 8.30 | 8,543,764 | |
| | 2018 | 8.29 | 186,086,527 | |
| | 2019 | 8.04 | | 39,486,140 |
| | 2020 | 7.99 | | 3,217,090 |
| | 2021 | 7.93 | 97,106,767 | |
| | 2022 | 7.83 | | 12,735,529 |
| | 2023 | 7.93 | 144,751,819 | |
| | 2024 | 7.84 | | <u>211,440,707</u> |
| | | | <u>436,488,877</u> | <u>266,879,466</u> |
| Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments | | | | |
| | 2021 | 5.00 | | 888,658,452 |
| | 2022 | 5.00 | | (1,659,667,329) |
| | 2023 | 5.00 | | 357,972,332 |
| | 2024 | 5.00 | | <u>816,400,864</u> |
| | | | | <u>403,364,319</u> |
| | | | <u><u>\$ 1,108,112,477</u></u> | <u><u>\$ 10,545,101,790</u></u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont'd)

Amounts reported by the State as collective deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense excluding that attributable to employer-paid members contributions as follows:

| Fiscal Year Ending June 30, | Total |
|--------------------------------|----------------------------------|
| 2025 | \$ (3,681,028,670) |
| 2026 | (1,839,302,001) |
| 2027 | (1,977,654,443) |
| 2028 | (1,907,819,552) |
| 2029 | 2,992,761 |
| Thereafter | <u>(34,177,408)</u> |
| | <u><u>\$ (9,436,989,313)</u></u> |

Actuarial Assumptions

The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023 which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| Inflation Rate | |
|---------------------------|----------------------------------------|
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases | 2.75 – 5.65% based on years of service |
| Investment Rate of Return | 7.00% |

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and a 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Long Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on pension plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the Board of Trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected_returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS' target asset allocation as of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|-------------------|----------------------------------------|
| U.S. Equity | 28.00% | 8.63% |
| Non-U.S. Developed Market Equity | 12.75% | 8.85% |
| International Small Cap Equity | 1.25% | 8.85% |
| Emerging Markets Equity | 5.50% | 10.66% |
| Private Equity | 13.00% | 12.40% |
| Real Estate | 8.00% | 10.95% |
| Real Assets | 3.00% | 8.20% |
| High Yield | 4.50% | 6.74% |
| Private Credit | 8.00% | 8.90% |
| Investment Grade Credit | 7.00% | 5.37% |
| Cash Equivalents | 2.00% | 3.57% |
| U.S. Treasuries | 4.00% | 3.57% |
| Risk Mitigation Strategies | 3.00% | 7.10% |

Discount Rate – TPAF

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on 100% of the actuarially determined contributions for the State. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all projected benefit payments in determining the total pension liability.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 10. PENSION PLANS (Cont'd)

B. Teachers' Pension and Annuity Fund (TPAF) (Cont'd)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the State's proportionate share of the net pension liability associated with the District as of June 30, 2024 calculated using the discount rate as disclosed above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2024 | | |
|------------------------------------------------------------------------------------------|-------------------|-----------------------------|-------------------|
| | At 1% Decrease | At Current Discount Rate | At 1% Increase |
| | (6.00%) | (7.00%) | (8.00%) |
| State's Proportionate Share of the Net Pension Liability Associated with the District | \$ 31,540,313 | \$ 26,534,755 | \$ 22,319,129 |

Pension Plan Fiduciary Net Position - TPAF

Detailed information about the TPAF's fiduciary net position is available in the separately issued TPAF financial statements.

C. Defined Contribution Retirement Program (DCRP)

Prudential Financial jointly administers the DCRP investments with the NJ Division of Pensions and Benefits. If an employee is ineligible to enroll in the PERS or TPAF, the employee may be eligible to enroll in the DCRP. DCRP provides eligible members with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting is immediate upon enrollment for members of the DCRP.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the DCRP. The financial reports may be obtained by writing to the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625-0295.

Employers are required to contribute at an actuarially determined rate. Employee contributions are based on percentages of 5.50% for DCRP of employees' annual compensation, as defined. The DCRP was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008. Employee contributions for DCRP are matched by a 3% employer contribution.

For DCRP, the District recognized pension expense of \$18,173 for the year ended June 30, 2025. Employee contributions to DCRP amounted to \$25,102 for the year ended June 30, 2025.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The District obtains its health benefit coverage through the State of New Jersey Health Benefits Plan.

Property and Liability Insurance

The Borough of Bloomingdale School District is a member of the Pooled Insurance Program of New Jersey (the “Fund”). This public entity risk management pool provides general liability, property and automotive coverage, and workers’ compensation for its members. The Fund is a risk-sharing public entity risk pool that is an insured and self-administered group of school boards established for the purpose of providing low-cost insurance for its respective members in order to keep local property taxes to a minimum.

Each member appoints an official to represent their respective entity for the purpose of creating a governing body from which officers for the Fund are elected.

As a member of this Fund, the District could be subject to supplemental assessments in the event of deficiencies. If the assets of the Fund were to be exhausted, members would become responsible for their respective shares of the Fund’s liabilities. The Fund can declare and distribute dividends to members upon approval of the State of New Jersey Department of Banking and Insurance. These distributions are divided among the members in the same ratio as their individual assessment related to the total assessment of the membership body.

Summarized financial information for the Fund as of June 30, 2025 is as follows:

| | <u>Pooled Insurance Program of New Jersey</u> |
|------------------------|---------------------------------------------------|
| Total Assets | <u>\$ 23,375,857</u> |
| Net Position | <u>\$ 2,543,821</u> |
| Total Revenue | <u>\$ 13,413,218</u> |
| Total Expenses | <u>\$ 13,349,979</u> |
| Change in Net Position | <u>\$ 63,239</u> |
| Member Dividends | <u>\$ - 0 -</u> |

Financial statements for the Group are available at the Group’s Executive Director’s Office:

Burton Agency, Inc.
44 Bergen Street
Westwood, New Jersey 07675
(201) 664-0301

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 11. RISK MANAGEMENT (Cont'd)

New Jersey Unemployment Compensation Insurance

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State.

The following is a summary of District contributions, employee contributions, interest earnings, reimbursements to the State for benefits paid and the ending balance of the District's Unemployment Compensation Restricted Fund Balance in the General Fund for the current and previous two years:

| <u>Fiscal Year</u> | <u>District Contributions</u> | <u>Employee Contributions</u> | <u>Interest Earned</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|--------------------|-------------------------------|-------------------------------|------------------------|--------------------------|-----------------------|
| 2022-2023 | \$ -0- | \$ 34,415 | \$ 2,403 | \$ 22,259 | \$ 148,355 |
| 2023-2024 | -0- | 28,694 | 3,998 | 87,513 | 93,534 |
| 2024-2025 | -0- | 45,596 | 2,278 | 68,331 | 73,077 |

NOTE 12. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permit participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln Life
Siracusa

Valic

NOTE 13. TAX CALENDAR

Property taxes are levied as of January 1 on property values assessed as of the previous calendar year. The tax levy is divided into two billings. The first billing is an estimate of the current year's levy based on the prior year's taxes. The second billing reflects adjustments to the current year's actual levy. The final tax bill is usually mailed on or before June 14th, along with the first half estimated tax bills for the subsequent year. The first half estimated taxes are divided into two due dates, February 1 and May 1. The final tax bills are also divided into two due dates, August 1 and November 1. A ten- day grace period is usually granted before the taxes are considered delinquent and there is an imposition of interest charges. A penalty may be assessed for any unpaid taxes in excess of \$10,000 at December 31 of the current year. Unpaid taxes of the current and prior year may be placed in lien at a tax sale held after December 10.

Taxes are collected by the constituent municipality and are remitted to the local school district on a predetermined, agreed-upon schedule.

NOTE 14. ECONOMIC DEPENDENCY

The Board of Education receives a substantial amount of its support from federal and state governments. A significant reduction in the level of support, if this were to occur, may have an effect on the Board of Education's programs and activities.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 15. CONTINGENT LIABILITIES

Litigation

The District is periodically involved in pending lawsuits. The District estimates that the potential claims against it resulting from such litigation and not covered by insurance would not materially affect the financial position of the District.

Grant Programs

The school district participates in state and federally assisted grant programs. The programs are subject to program compliance audits by grantors or their representatives. The school district is potentially liable for expenditures which may be disallowed pursuant to terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Encumbrances

At June 30, 2025, there were encumbrances as detailed below in the governmental funds. All of the governmental funds are considered to be major funds:

| | General Fund | Special Revenue Fund | Governmental Funds | Total |
|--|-------------------|----------------------|--------------------|-------|
| | <u>\$ 227,309</u> | <u>\$ 34,742</u> | <u>\$ 262,051</u> | |

On the District's Governmental Funds Balance Sheet as of June 30, 2025, \$-0- is assigned for year-end encumbrances in the Special Revenue Fund, which is \$34,742 less than the actual year-end encumbrances on a budgetary basis. On the GAAP basis, actual encumbrances are not recognized until paid and are reflected as either a reduction in grants receivable or an increase in unearned revenue in the Special Revenue Fund.

NOTE 16. ACCOUNTS PAYABLE

At June 30, 2025, the District had the following accounts payable:

| | General Fund | Subsequent to Measurement | District Contribution | |
|-------------------------------------|-------------------|---------------------------|-----------------------|-------------------------------|
| | | | Date | Total Governmental Activities |
| Vendors | \$ 183,628 | | | \$ 183,628 |
| Payroll Deductions and withholdings | | 5,357 | | 5,357 |
| Accrued Salaries and wages | 340,539 | | | 340,539 |
| Due to: | | | | |
| State of New Jersey | | \$ 305,000 | | \$ 305,000 |
| | <u>\$ 529,524</u> | <u>\$ 305,000</u> | | <u>\$ 834,524</u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

State Health Benefit Program Fund – Local Education Retired Employees Plan

General Information about the OPEB Plan

Plan Description and Benefits Provided

The District is in a “special funding situation”, as described in GASB Codification Section P50, in that OPEB contributions and expenses are legally required to be made by and are the sole responsibility of the State of New Jersey, not the District.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefits for the State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPEB plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for the Postemployment Benefits Other than Pensions*. The State Health Benefits Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A. 52:14-17.32f. According to N.J.S.A. 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers’ Pension and Annuity Fund (TPAF), the Public Employees’ Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 years or more of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree’s annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits, is the responsibility of the individual local education employers.

For additional information about the State Health Benefit Local Education Retired Education Plan, please refer to the Division’s annual financial statements which can be found at <https://www.nj.gov/treasury/pensions/gasb-notices-opeb.shtml>.

Employees Covered by Benefit Terms

At June 30, 2023, the plan membership consisted of the following:

| | |
|------------------------------------------------------------------------------------|----------------|
| Retirees Plan Members and Spouses of Retirees Currently Receiving Benefit Payments | 153,556 |
| Active Plan Members | <u>219,185</u> |
| Total | <u>372,741</u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Total Nonemployer OPEB Liability

The total nonemployer OPEB liability as of June 30, 2024 was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

Actuarial Assumptions and Other Inputs

The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement.

| | TPAF/ABP | PERS | PFRS |
|-------------------|----------------------------------------------|----------------------------------------------|-----------------------------------------------|
| Salary Increases: | 2.75 - 5.65% based on years of service | 2.75 - 6.55% based on years of service | 3.25 - 16.25% based on years of service |

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of the TPAF, PERS and PFRS experience studies prepared for July 1, 2018 – June 30, 2021.

100% of active members are considered to participate in the Plan upon retirement.

Mortality Rates

Pre-retirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP), “General” (PERS), and “Safety” (PFRS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Post-retirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021 for current disabled retirees. Future disabled retirees were based on the Pub-2010 “Safety” (PFRS), “General” (PERS) and “Teachers” (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

Health Care Trend Assumptions

For pre-Medicare medical benefits, the trend rate is initially 7.50% and decreases to a 4.50% long term trend rate after nine years. For post-65 medical benefits PPO, the trend is increasing to 19.36% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For HMO the trend is increasing to 22.88% in fiscal year 2027 and decreases to 4.50% in fiscal year 2034. For prescription drug benefits, the initial trend rate is 12.25% and decreases to a 4.50% long term rate after nine years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Discount Rate

The discount rate used to measure the total OPEB liability was 3.93%. This represents the municipal bond return rate as chosen by the State of New Jersey Division of Pensions and Benefits. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Changes in the State's Proportionate Share of the Total OPEB Liability Associated with the District

| | <u>Total OPEB Liability</u> |
|----------------------------------------------------|---------------------------------|
| Balance at June 30, 2023 | \$ 24,896,125 |
| Changes for Year: | |
| Service Cost | 979,897 |
| Interest on the Total OPEB Liability | 913,498 |
| Difference between Expected and Actual Experiences | (440,869) |
| Changes of Assumptions | 2,076,146 |
| Gross Benefit Payments by the State | (697,653) |
| Contributions from Members | <u>23,888</u> |
| Net Changes in Total OPEB liability | <u>2,854,907</u> |
| Balance at June 30, 2024 | <u>\$ 27,751,032</u> |

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Discount Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the discount rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2024 | | |
|------------------------------------------------------|---------------|---------------|---------------|
| | At 1% | At | At 1% |
| | Decrease | Discount Rate | Increase |
| | (2.93%) | (3.93%) | (4.93%) |
| Total OPEB Liability Attributable to the District | \$ 32,502,402 | \$ 27,751,032 | \$ 23,888,074 |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees Plan (Cont'd)

Sensitivity of the Total Nonemployer OPEB Liability Attributable to the District to Changes in the Healthcare Trend Rate

The following presents the total nonemployer OPEB Liability attributable to the District as of June 30, 2024, calculated using the healthcare trend rate as disclosed in this note, as well as what the total nonemployer OPEB liability attributable to the District would be if it was calculated using a healthcare trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

| | June 30, 2024 | | |
|-----------------------------------------------------------------------------------------------------------------|----------------|-------------------------------|----------------|
| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
| Total OPEB Liability Attributable to the District | \$ 23,116,812 | \$ 27,751,032 | \$ 33,787,410 |
| <u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u> | | | |

For the fiscal year ended June 30, 2025 the District recognized OPEB expense of \$1,120,927 as determined by the State of New Jersey Division of Pensions and Benefits. This expense and the related offsetting revenue are for benefits provided by the State through a defined benefit OPEB plan that meets the criteria in GASB Codification Section P50, in which there is a special funding situation.

In accordance with GASB Codification Section P50, as the District's proportionate share of the OPEB liability is \$-0-, there is no recognition of the allocation of the proportionate share of the deferred inflows and outflows of resources. At June 30, 2024 the State had deferred outflows of resources and deferred inflows of resources related to OPEB associated with the District from the sources on the following page.

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 17. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Cont'd)

State Health Benefit Program Fund – Local Education Retired Employees (Cont'd)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Cont'd)

| | Deferral Year | Period in Years | Deferred Outflows of Resources | Deferred Inflows of Resources |
|-------------------------------------------------------|------------------|--------------------|--------------------------------------|-------------------------------------|
| Changes in Assumptions | | | | |
| | 2017 | 9.54 | | \$ 532,199 |
| | 2018 | 9.51 | | 649,728 |
| | 2019 | 9.29 | \$ 102,509 | |
| | 2020 | 9.24 | 2,644,286 | |
| | 2021 | 9.24 | 15,619 | |
| | 2022 | 9.13 | | 4,243,823 |
| | 2023 | 9.30 | 38,540 | |
| | 2024 | 9.33 | <u>1,853,623</u> | <u>4,654,577</u> |
| | | | <u>4,654,577</u> | <u>5,425,750</u> |
| Differences between Expected and Actual Experience | | | | |
| | 2018 | 9.51 | | 614,196 |
| | 2019 | 9.29 | | 1,206,540 |
| | 2020 | 9.24 | 2,464,578 | |
| | 2021 | 9.24 | | 3,003,718 |
| | 2022 | 9.13 | 437,053 | |
| | 2023 | 9.30 | | 358,029 |
| | 2024 | 9.33 | <u>66,015</u> | <u>2,967,646</u> |
| | | | <u>66,015</u> | <u>2,967,646</u> |
| | | | <u>2,967,646</u> | <u>5,182,483</u> |
| Changes in Proportion | N/A | N/A | <u>2,564,503</u> | <u>1,201,170</u> |
| | | | <u>2,564,503</u> | <u>1,201,170</u> |
| | | | <u>\$ 10,186,726</u> | <u>\$ 11,809,403</u> |

Amounts reported as deferred outflows of resources and deferred inflows of resources excluding changes in proportion related to OPEB will be recognized in OPEB expense as follows:

| Fiscal Year Ending June 30, | Total |
|--------------------------------|-----------------------|
| 2025 | \$ (984,362) |
| 2026 | (825,393) |
| 2027 | (392,035) |
| 2028 | 103,034 |
| 2029 | (715,390) |
| Thereafter | <u>(171,864)</u> |
| | <u>(171,864)</u> |
| | <u>\$ (2,986,010)</u> |

BOROUGH OF BLOOMINGDALE SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(Continued)

NOTE 18. TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgone must effectively be recouped from other taxpayers and remitted to the school district.

For a local school district board of education or board of school estimate that has elected to raise their minimum tax levy using the required local share provisions at N.J.S.A. 18A:7F-5(b), the loss of revenue resulting from the municipality or county having entered into a tax abatement agreement is indeterminate due to the complex nature of the calculation of required local share performed by the New Jersey Department of Education based upon district property value and wealth.

The Borough of Bloomingdale recognized revenue in the amount of \$563,215 from one payment in lieu of taxes ("PILOT") agreement. The taxes which would have been paid on these properties for 2024 without the abatement would have been \$8,715,300 of which \$4,869,700 would have been for the local school tax.

NOTE 19. INTERFUND RECEIVABLES AND PAYABLES

| Fund | Interfund Receivable | Interfund Payable |
|----------------------|-------------------------|----------------------|
| General Fund | \$ 63,933 | |
| Special Revenue Fund | | \$ 63,933 |
| | <u>\$ 63,933</u> | <u>\$ 63,933</u> |

The interfund receivable in the General Fund is comprised of an interfund loan to the Special Revenue Fund for cash flow purposes awaiting receipts of grants.

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APPENDIX C

Form of Bond Counsel's Approving Legal Opinion

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90 Woodbridge Center Drive
Suite 900 Box 10
Woodbridge, NJ 07095-0958
732.636.8000

_____, 2026

The Board of Education of the
Borough of Bloomingdale
Bloomingdale, New Jersey

Ladies and Gentlemen:

We have served as bond counsel in connection with the authorization, sale and issuance of \$22,613,000 aggregate principal amount of School Bonds, Series 2026 (the "Bonds") of The Board of Education of the Borough of Bloomingdale in the County of Passaic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board).

The Bonds are issued pursuant to: (i) Title 18A, Chapter 24 of the New Jersey Statutes, as amended and supplemented (the "Education Law"); (ii) a proposal adopted by the Board on December 18, 2024 (the "Proposal") and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on March 11, 2025 and (iii) a resolution duly adopted by the Board on November 19, 2025 (the "Resolution").

The Bonds are issued in fully registered book-entry only form, without coupons, initially registered in the name of and held by Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York ("DTC"), an automated depository for securities and clearing house for securities transactions. Purchases of the Bonds will be made in book-entry only form in principal amounts of \$1,000 each or any integral multiple thereof with a minimum purchase of \$5,000 required, through book entries made on the books and records of DTC and its participants. So long as DTC or its nominee is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Board directly to Cede & Co., as nominee for DTC. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners of the Bonds is the responsibility of DTC participants.

The Bonds are dated their date of delivery and shall bear interest from such date, which interest shall be payable commencing September 15, 2026 and semi-annually thereafter on the fifteenth day of March and September in each year until maturity or prior redemption, and shall mature on September 15 of the years and in the principal amounts as follows:

| <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> | <u>Year</u> | <u>Principal Amount</u> | <u>Interest Rate</u> |
|-------------|-------------------------|----------------------|-------------|-------------------------|----------------------|
| 2027 | \$453,000 | | 2042 | \$845,000 | |
| 2028 | 470,000 | | 2043 | 880,000 | |
| 2029 | 490,000 | | 2044 | 900,000 | |
| 2030 | 510,000 | | 2045 | 900,000 | |
| 2031 | 530,000 | | 2046 | 900,000 | |
| 2032 | 555,000 | | 2047 | 900,000 | |
| 2033 | 580,000 | | 2048 | 900,000 | |
| 2034 | 605,000 | | 2049 | 900,000 | |
| 2035 | 625,000 | | 2050 | 900,000 | |
| 2036 | 655,000 | | 2051 | 900,000 | |
| 2037 | 680,000 | | 2052 | 900,000 | |
| 2038 | 710,000 | | 2053 | 900,000 | |
| 2039 | 740,000 | | 2054 | 900,000 | |
| 2040 | 775,000 | | 2055 | 900,000 | |
| 2041 | 810,000 | | 2056 | 900,000 | |

The Bonds of this issue are subject to optional redemption prior to their stated maturities.

We have examined such matters of law, certified copies of the proceedings, including the bond referendum proceedings, and other documents and proofs relative to the issuance and sale of the Bonds as we have deemed necessary or appropriate for the purposes of the opinion rendered below. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity to the original documents of all documents submitted to us as copies. As to any facts material to our opinion we have, when relevant facts were not independently established, relied upon the aforesaid instruments, certificates and documents.

We are of the opinion that: (i) such proceedings and proofs show lawful authority for the sale and issuance of the Bonds pursuant to the Education Law, the Proposals and the Resolution; (ii) the Bonds are valid and legally binding obligations of the Board; and (iii) all the taxable real property within the School District is subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, for the payment of principal of and interest on the Bonds.

The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Bonds for the interest thereon to be and remain excludable from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of the issuance of the Bonds. The Board has covenanted to maintain the exclusion of the interest

on the Bonds from gross income for federal income tax purposes pursuant to Section 103(a) of the Code.

In our opinion, under existing law, and assuming continuing compliance by the Board with the aforementioned covenant, under existing statutes, regulations, rulings and court decisions, interest on the Bonds is not includable for federal income tax purposes in the gross income of the owners of the Bonds pursuant to Section 103 of the Code. The Bonds are not "specified private activity bonds" within the meaning of Section 57 of the Code and, therefore, the interest on the Bonds will not be treated as a preference item for purposes of computing the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations for tax years beginning after December 31, 2022.

We are also of the opinion that, under existing laws of the State of New Jersey, interest on the Bonds and any gain on the sale thereof is not includable in gross income under the New Jersey Gross Income Tax Act, 1976 N.J. Laws c. 47, as amended and supplemented.

[The Bonds maturing on September 15 in the years 20__ through 20__, inclusive (the "[Premium] Bonds"), have been sold to the public at a premium. Section 171 of the Code provides rules under which a bond premium may be amortized and a deduction allowed for the amount of the amortizable bond premium for a taxable year. Under Section 171(a)(2) of the Code, however, no deduction is allowable for the amortizable bond premium in the case of bonds, like the [Premium] Bonds, the interest on which is excludable from gross income. Under Section 1016(a)(5) of the Code, the purchaser's basis in a [Premium] Bond will be reduced by the amount of the amortizable bond premium disallowable as a deduction under Section 171(2) of the Code. Proceeds received from the sale, exchange, redemption or payment of a [Premium] Bond in excess of the owner's adjusted basis (as reduced pursuant to Section 1016(a)(5) of the Code), will be treated as a gain from the sale or exchange of such [Premium] Bonds and not as interest.]

[We are also of the opinion that the difference between the stated principal amount of the Bonds maturing on September 15 in the years 20__ through 20__, inclusive (the "[Discount] Bonds") and their respective initial offering prices to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers), at which price a substantial amount of the [Discount] Bonds of the same maturity and interest rate were sold, constitutes original issue discount which is excluded from gross income for federal income tax purposes to the same extent as interest on the [Discount] Bonds. Further, such original issue discount accrues actuarially on a constant interest rate basis over the term of each [Discount] Bond and the basis of each [Discount] Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount.]

Except as stated in the preceding paragraphs, we express no opinion as to any federal, state or local tax consequences of the ownership or disposition of the Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Bonds, or the interest thereon, if any action is taken with respect to the Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

This opinion is qualified to the extent that the enforceability of the rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights or remedies heretofore or hereafter enacted to the extent constitutionally applicable and their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We have examined one of the executed Bonds and, in our opinion, its form and execution are regular and proper.

Very truly yours,

WILENTZ, GOLDMAN & SPITZER, P.A.

APPENDIX D
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate dated as of _____, 2026 (the "Disclosure Certificate") is executed and delivered by The Board of Education of the Borough of Bloomingdale in the County of Passaic, New Jersey (the "Board" when referring to the governing body and the "School District" when referring to the territorial boundaries governed by the Board) in connection with the issuance of its \$22,613,000 aggregate principal amount of School Bonds, Series 2026 dated their date of delivery (the "Bonds"). The Bonds are being issued by virtue of a proposal adopted by the Board on December 18, 2024 and approved by the affirmative vote of a majority of the legal voters present and voting at a special School District election held on March 11, 2025 and pursuant to a resolution entitled, "RESOLUTION DETERMINING THE FORM AND OTHER DETAILS OF \$22,613,000 AGGREGATE PRINCIPAL AMOUNT OF SCHOOL BONDS, SERIES 2026 OF THE BOARD OF EDUCATION OF THE BOROUGH OF BLOOMINGDALE IN THE COUNTY OF PASSAIC, NEW JERSEY, PROVIDING FOR THEIR SALE AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH", duly adopted by the Board on November 19, 2025 (the "Bond Resolution"). The Board covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Board for the benefit of the Bondholders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriter(s) in complying with the Rule (as defined below). The Board acknowledges it is an "Obligated Person" under the Rule (as defined below).

SECTION 2. Definitions. In addition to the definitions set forth in the Bond Resolution which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Board pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of any Bonds, as applicable (including persons holding Bonds, as applicable through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds, as applicable, for federal income tax purposes.

"Continuing Disclosure Information" shall mean, collectively, (i) each Annual Report, (ii) any notice required to be filed by the Board with the EMMA (as defined herein) pursuant to Section 3 of this Disclosure Agreement, and (iii) any notice of a Listed Event required to be filed by the Board with EMMA pursuant to Section 5 of this Disclosure Agreement.

“Disclosure Representative” shall mean the Business Administrator/Board Secretary of the Board or his/her designee, or such other person as the Board shall designate in writing from time to time for the purposes of this Disclosure Certificate.

“Dissemination Agent” shall mean, initially, the Board or any Dissemination Agent subsequently designated in writing by the Board which has filed with the Board a written acceptance of such designation.

“EMMA” shall mean the Electronic Municipal Market Access system, a website created by the MSRB (as defined herein) and approved by the SEC (as defined herein) to provide a central location where investors can obtain municipal bond information including disclosure documents. The Board or the Dissemination Agent shall submit disclosure documents to EMMA as a PDF file to www.emma.msrb.org.

“Financial Obligation” shall mean a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) listed hereinabove. The term *“Financial Obligation”* shall not include municipal securities as to which a final official statement has been provided to the MSRB (as defined below) consistent with the Rule (as defined below).

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission (“SEC”) under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

“SEC Release No. 34-59062” shall mean Release No. 34-59062 of the SEC dated December 5, 2008.

“State” shall mean the State of New Jersey.

“Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the purchase of the Bonds.

SECTION 3. Provision of Annual Reports. (a) The Board shall provide or cause to be provided to the Dissemination Agent not later than December 31 of each year, commencing December 31, 2026 (for the fiscal year ending June 30, 2026), an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Each Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Board

may be submitted separately from the balance of the Annual Report; and provided, further, that if the audited financial statements of the Board are not available by December 31, the Board shall include unaudited financial statements with its Annual Report and when such audited financial statements become available to the Board, the same shall be submitted to the Dissemination Agent no later than thirty (30) days after the receipt of the same by the Board.

(b) Not later than January 31 of each year (commencing January 31, 2027) the Dissemination Agent shall provide to EMMA a copy of the Annual Report received by the Dissemination Agent pursuant to subsection (a) hereof.

(c) If the Board does not provide or is unable to provide an Annual Report by the applicable date required in subsection (a) above, such that the Dissemination Agent cannot file the Annual Report with EMMA in accordance with subsection (b) above, the Dissemination Agent shall, in a timely manner, send a notice of such event to EMMA in substantially the form attached hereto as Exhibit A, with copies to the Board (if the Dissemination Agent is not the Board).

(d) Each year the Dissemination Agent shall file a report with the Board (if the Dissemination Agent is not the Board), certifying that the Annual Report has been provided to EMMA pursuant to this Disclosure Certificate, stating the date it was provided.

(e) If the fiscal year of the Board changes, the Board shall give written notice of such change to the Dissemination Agent and the Dissemination Agent shall, within five (5) business days after the receipt thereof from the Board, forward a notice of such change to EMMA in the manner provided in Section 5(e) hereof.

SECTION 4. Content of Annual Reports. The Board's Annual Report shall contain or incorporate by reference the following:

(1) The audited financial statements of the Board (or unaudited financial statements if audited financial statements are not then available, which audited financial statements will be delivered when and if available).

The audited financial statements are to be prepared in accordance with generally accepted accounting principles (GAAP).

(2) The general financial information and operating data of the Board consistent with the information set forth in the Official Statement dated January 15, 2026, prepared in connection with the sale of the Bonds (the "Official Statement") in Appendix A under the sections relating to (1) Board indebtedness; (2) property valuation information; and (3) tax rate, levy and collection data.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the Board is an "Obligated Person" (as defined by the Rule), which have been filed with EMMA or the Securities and Exchange Commission. If the document incorporated by reference is a final

official statement, it must be available from the MSRB. The Board shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events. (a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events with respect to the Bonds:

- (1) Principal and interest payment delinquencies;
- (2) Nonpayment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (7) Modifications to rights of Bondholders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances of the Bonds;
- (10) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (11) Ratings changes rating to the Bonds;
- (12) Bankruptcy, insolvency, receivership or similar event of the Board;
- (13) The consummation of a merger, consolidation, or acquisition involving the Board or the sale of all or substantially all of the assets of the Board, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- (14) Appointment of a successor or additional trustee for the Bonds or the change of name of a trustee for the Bonds, if material;
- (15) Incurrence of a financial obligation, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation, any of which affect Bondholders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation, any of which reflect financial difficulties.

The Board shall, in a timely manner not in excess of ten (10) business days after the occurrence of any Listed Event, file a notice of the occurrence of such Listed Event with the MSRB in accordance with the provisions of Section 5 of this Disclosure Certificate. In determining the materiality of any of the Listed Events specified in this subsection (a) of this section 5, the Board may, but shall not be required to, rely conclusively on an opinion of counsel.

(b) Whenever the Board has or obtains knowledge of the occurrence of any of the Listed Events, the Board shall, as soon as possible, determine if such event would constitute information material to the Beneficial Owners of the Bonds.

(c) If the Board determines that the occurrence of a Listed Event would be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Board is not the Dissemination Agent) and the Board shall instruct the Dissemination Agent to report such Listed Event and the Dissemination Agent shall report the occurrence of such Listed Event pursuant to subsection (e) hereof.

(d) If the Board determines that the occurrence of a Listed Event would not be material to the Beneficial Owners of the Bonds, the Board shall promptly notify the Dissemination Agent in writing (if the Dissemination Agent is not the Board) and the Dissemination Agent (if the Dissemination Agent is not the Board) shall be instructed by the Board not to report the occurrence.

(e) If the Dissemination Agent has been instructed in writing by the Board to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with EMMA, with a copy to the Board (if the Dissemination Agent is not the Board). Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) hereof need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to the Beneficial Owner of the affected Bonds pursuant to the Bond Resolution.

SECTION 6. Termination of Reporting Obligation. The Board's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds or when the Board is no longer an "Obligated Person" (as defined in the Rule). The Board shall file a notice of the termination of its reporting

obligations pursuant to the provisions hereof with the Dissemination Agent, which notice shall be filed with EMMA in accordance with the provisions of Section 5(e) hereof.

SECTION 7. Dissemination Agent; Compensation. The Board may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Board. The Board shall compensate the Dissemination Agent (which shall be appointed) for the performance of its obligations hereunder in accordance with an agreed upon fee structure.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Board may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver (supported by an opinion of counsel expert in federal securities laws acceptable to the Board to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof) is (a) made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (b) the undertaking, as amended or waived, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (c) the amendment or waiver does not materially impair the interests of holders, as determined either by parties unaffiliated with the Board or "Obligated Person," or by approving vote of the Beneficial Owners of the Bonds, as applicable pursuant to the terms of the Bond Resolution at the time of the amendment. The Board shall give notice of such amendment or waiver to this Disclosure Certificate to the Dissemination Agent, which notice shall be filed in accordance with the provisions of Section 5 hereof. Notwithstanding the above, the addition of or change in the Dissemination Agent shall not be construed to be an amendment under the provisions hereof.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the Board shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Board. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i) notice of such change shall be given in the same manner as a Listed Event under Section 5 hereof, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Board from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of

communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Board chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Board shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Board to comply with any provision of this Disclosure Certificate, the Holders of at least 25% aggregate principal amount of Outstanding Bonds or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Board to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default on the Bonds and the sole remedy under this Disclosure Certificate in the event of any failure of the Board to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and, to the extent permitted by law, the Board agrees to indemnify and hold the Dissemination Agent (if the Dissemination Agent is not the Board) and its respective officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. To the extent permitted by law, the Board further releases the Dissemination Agent from any liability for the disclosure of any information required by the Rule and this Disclosure Certificate. The obligations of the Board under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Board, the Dissemination Agent, the Underwriters, and the Beneficial Owners of the Bonds, including Bondholders, and shall create no rights in any other person or entity.

SECTION 13. Notices. All notices and submissions required hereunder shall be given to the following, or their successors, by facsimile transmission (with written confirmation of receipt), followed by hard copy sent by certified or registered mail, personal delivery or recognized overnight delivery:

(a) If to the Board of Education:

The Board of Education of the
Borough of Bloomingdale
225 Glenwild Avenue
Bloomingdale, New Jersey 07403
Attention: Business Administrator/Board Secretary

(b) Copies of all notices to the Dissemination Agent from time to time with respect to the Bonds, initially:

The Board of Education of the
Borough of Bloomingdale
225 Glenwild Avenue
Bloomingdale, New Jersey 07403
Attention: Business Administrator/Board Secretary

Each party shall give notice from time to time to the other parties, in the manner specified herein, of any change of the identity or address of anyone listed herein.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in any number of counterparts which shall be executed by authorized signatories of the Board and the Dissemination Agent, as applicable, and all of which together shall be regarded for all purposes as one original and shall constitute and be but one and the same.

SECTION 15. Severability. If any one or more of the covenants or agreements in this Disclosure Certificate to be performed on the part of the Board and the Dissemination Agent should be contrary to law, then such covenant or covenants, agreement or agreements, shall be deemed severable from the remaining covenants and agreements and shall in no way affect the validity of the other provisions of this Disclosure Certificate.

SECTION 16. Governing Law. This Disclosure Certificate shall be construed in accordance with and governed by the Laws of the United States of America and the State of New Jersey as applicable.

**THE BOARD OF EDUCATION OF THE
BOROUGH OF BLOOMINGDALE IN THE
COUNTY OF PASSAIC, NEW JERSEY**

By: _____

**FELICIA V. KICINSKI,
Business Administrator/
Board Secretary**

EXHIBIT A

**NOTICE TO EMMA OF FAILURE
TO FILE ANNUAL REPORT**

Name of Issuer: The Board of Education of the
Borough of Bloomingdale
in the County of Passaic, New Jersey

Name of Issue: \$22,613,000 School Bonds, Series 2026
Dated: _____, 2026
(CUSIP Number: 094419____)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the above designated Board has not provided an Annual Report with respect to the above-named Bonds as required by the Bond Resolution and a Continuing Disclosure Certificate for the Bonds dated as of _____, 2026 executed by the Board.

DATED: _____

DISSEMINATION AGENT
(on behalf of the Board)

cc: The Board

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